IMPACTS OF SELECTED FEDERAL POLICIES ON RATES OF GROWTH IN SIZE OF TYPICAL FAMILY FARMS

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CHAPTER I

INTRODUCTION

Economic problems of the farming industry may have come inadvertently, but in no small part, from federal fiscal monetary and taxation policies. Inflation resulting from fiscal-monetary policies may influence the composition, growth and size of family farms. Tax benefits, in the form of deductions and credits, have encouraged the use of capital and debt financing throughout agriculture. This subsidy encourages substituton of capital for labor and influences the size of farms. This study attempts to measure the impact of selected federal policies on the economic structure of a set of typical family farms.

The impact of policies resulting in inflation and tax benefits on the farming industry is imperfectly understood. Unanticipated secondary effects such as cash flow problems from federal government policies appear to be creating hardships for some farmers. Research is needed to determine the intensity and extent of the consequences of inflation and tax policies on the composition, growth and size of family farms.

Sufficient evidence now exists to voice concern over the survival of the family farm. As farms become larger and fewer, the family farm structure, long the mainstay of the farming industry and prized by society, is threatened. Farmers have experienced changes in profitability, liquidity positions and entry-exit conditions severe enough to endanger traditional patterns of ownership. Of concern is not only the extent to which federal policies have influenced changes, but also the consequences for future family farms of continuing these policies.

Inflation is particularly troublesome for family farmers at several points during the life cycle of a family farm. Inflation increases the cost of production assets and thus generates formidable barriers to entry along with problems in intergenerational transfers of equity. Debt financing of these high initial capital requirements create severe cash flow problems. As the rising real requirements for an economic unit are compounded by inflation, beginning and expanding low-equity farmers face cash-deficit operation. Inflation tends to raise immediate costs and defer returns which are realized as capital gains only when land is sold. The causes and effects of existing and continuing cash flow problems need to be determined for certain subsectors of the farming industry, particularly for family owned and operated farms.

Despite favorable rates of return and high net incomes of commercial farmers on the average over the past decade, discontent over economic conditions is especially apparent among the younger and expanding family farm operators. One possible explanation for farmers' discontent is the increase in cash outflow relative to cash inflow due to inflation (cf. Tweeten, 1979). Less income is available for family living. Inflation impacts most heavily on low-equity, entry-level farmers due to the combined and related effects of higher interest rates and rising capital requirements. Current earnings from farming are insufficient to service debts incurred in owning an economic unit with traditional levels of minimum equity. As a result, entry-level owner-operators must control increasingly higher initial equities to survive the cash flow deficits in early years.

Farmers have responded to these stresses with new strategies for entering and surviving in farming. Renting land to control an economic size unit has become a popular way to cope with inflated land prices and utilize the technological improvements which require larger farms. Additionally, many beginning and marginal farmers with smaller than economic sized operations hold off-farm jobs providing income to help offset the cash flow deficits from the farm. Both of these strategies allow entering farmers to exploit their labor resources. One of the few traditional solutions to entering farming that still works

is inheriting sufficient equity in a farm to survive the initial deficit years. Each of these strategies -- renting, part-time farming and inheriting equity -- compromises the family farm ideal of a full-time, full-owner, single proprietorship farm accessible to those who want to farm.

Unanticipated consequences of inflation and the attendant divergence from the original target of existing tax legislation have changed the economic climate for family farmers. The Food and Agriculture Act of 1977 states a committment to preserve family farms.

> Congress hereby specifically reaffirms the historical policy of the United States to foster and encourage the family farm system of agriculture in this country. Congress firmly believes that the maintenance of the family farm system of agriculture is essential to the social well-being of the Nation and the competitive production of adequate supplies of food and fiber. Congress further believes that any significant expansion of nonfamily owned large-scale corporate farming enterprises will be detrimental to the national welfare. It is neither the policy nor the intent of Congress that agricultural and agriculture-related programs be administered exclusively for family farm operators, but it is the policy and express intent of Congress that no such program be administered in a manner that will place the family farm operator at an unfair economic disadvantage (p. 6).

One purpose of this research is to determine if inflation and selected tax policies do indeed place the family farmer at an unfair economic disadvantage. This

study reports implications of taxation policies for typical farm firms and attempts to determine to what extent concessionary tax policies such as interest payment write-offs, depreciation allowances, and investment tax credits for business related investments have influenced the size and number of family farms.

This research examines the ability of a farm firm to grow under various assumed scenarios of inflation, initial ownership and tax policies. The family farm ideal is fostered if policies assist entry and growth to a family size and discourage growth beyond the family size, where size may be measured by labor inputs, sales or other criteria. To analyze these and related policy issues, a deterministic computer simulation model was developed. The model computes annual cash in-flows and expense streams and calculates a yearly financial balance sheet for the firm over 30 years of simulated operation. The computations include cash flow, factor income, tax payments, family consumption, savings, various measures of firm size and a record of rates of growth starting with the initial year.

The data compiled by the simulation model provide a basis for testing specific hypotheses by varying the calculation methods specified within the model. The results of similar runs made with and without a specific tax provision at 6 or 12 percent inflation and with

differing consumption patterns can be compared to determine the impact of the policy change.

This research determines the extent to which inflation induced increases in tax benefits available to farm and non-farm investors encourages growth in size and decrease in numbers of farms by reducing the cost of debt financing. It is hypothesized that these policies are especially beneficial to established farm owners and high wealth investors. Additionally, other tax benefits targeted at capital investments through depreciation allowances and investment tax credits have decreased the costs of capital intensive farming units.

The benefits and costs associated with land purchases in inflationary times are unevenly distributed. It is hypothesized that inflationary policies provide benefits to large, established farmers who are able to meet or avoid the cash demands of the initial deficit years and survive to the cash surplus years. The prosperity of this already fortunate sector of the farming industry is enhanced by tax and inflation related policies which make them more able to afford land purchases, thereby accelerating the trend toward fewer and larger farms.

Intergenerational transfers are another area of particular concern to family farm operators. Continued growth in the size of farms and the value of farm assets, especially land, have increased the cost of transferring

ownership of farm firms between generations. Inflationary fiscal and monetary policies have placed upward pressure on the values of farm assets, while estate tax rates have remained fixed. Research is needed to determine whether current estate tax laws permit sufficient equity to be transferred between generations to maintain the family farm. Another question centers on the sacrifices necessary by existing farmers to amass estates large enough to transfer an economic-sized unit under the taxation rates applied to the values of typical family farming units.

Objectives of the Study

The general objective of this study is to develop and apply a model for the evaluation of selected federal policies as they affect the growth in size of typical family farms. This model will determine the 30 year growth pattern under economic environments arising from federal fiscal and monetary policies and show how federal policies influence the compositional structure of farms. The specific objectives are:

1. To construct a family farm business simulation model capable of projecting annual operations and firm growth over a 30 year horizon.
2. To utilize the simulation model and data from the Federal Enterprise Data System typical farm series

to estimate the potential impact of selected federal fiscal and monetary policies on farm income, liquidity and growth.

Federal policies examined in this study include:

a. Interest payment deductions against taxable income.

b. Depreciation allowances on farm machinery as a deduction against taxable income.

c. Investment tax credits on business equipment and facilities

d. Inflation rates of 6 and 12 percent.

e. Indexing tax rate schedules for inflation.

Firm growth with and without the above features are evaluated from various initial starting positions.

i. Full ownership of land and machinery

ii. Land ownership with minimum equity in land and 25 percent equity in machinery

iii. Land rental with 25 percent equity in machinery.

Organization of the Study

Chapter II presents a brief overview of the structure of agriculture. Structure is defined and a historical view of changes in farm firm characteristics is provided.

Chapter III presents a theoretical framework for the model to be formulated. This chapter also contains brief summaries of recent studies pertinent to the objectives of this work.

Data employed in the analysis,including characteristics of 20 typical farms are described in Chapter IV. This chapter also contains a summary of the Federal Enterprise Data System typical farm methodology and a tabulation of the characteristics of the 20 typical farms used.

The model is presented in Chapter V. The assumptions, equations and methodology are summarized. A description of the computer simulation model is provided.

Chapter VI reports the results of the simulation. The tax experiments, effects of inflation and changes in consumption patterns are discussed and reported. Sensitivity analysis of the income terms is provided. The results chapter ends with a discussion of opportunities for family farm continuance under current estate tax regulations.

The study is summarized in Chapter VII. Conclusions and limitations are presented along with possibilities for further research.

The initial and ending values for all experiments on each of the 20 farms studied are tabulated and presented in the Appendix. Summary data on size, value and rates of growth are presented along with a guide to interpreting the tables.

CHAPTER II

OVERVIEW OF THE STRUCTURE ISSUE

Review of Previous Studies

The concept of structure of American agriculture relates to how farming is organized, to farm size and numbers, to tenure patterns and to the markets and institutions with which farmers interact. Structural changes have been a leading concern of policy makers in recent years. Farm numbers have declined by one-half since 1940, average farm size has more than doubled, and control of agriculture's productive resources has been concentrated among fewer farms. The "farm problem" which originally consisted of excess resources in the agricultural sector has largely been eliminated as unneeded resources have been released to the nonfarm economy. Penn (1979) concluded that the farm sector, for the first time in over 40 years, is in relative resource equilibrium and that most of the technical efficiencies available have been attained by moderate sized farms. Yet evidence currently available suggests that technology, national economic conditions, price relationships and institutional arrangements will continue to encourage growth in farm size (Tweeten, 1980b).

The interest in farm size and the importance given to family farms as the basis for the structure of production agriculture go back to the days of Thomas Jefferson. Today, research into the structure of agriculture continues. Many observers believe that public policy has encouraged farm expansion, possibly endangering the very existence of the family farm (Blobaum, 1980).

To answer questions raised about government involvement in structural changes, the USDA under Secretary Bergland surveyed much of the current research on structure issues in A Time To Choose (USDA, 1981a). The report concluded that the many individual forces affecting structure cannot be fully understood and addressed without regard for their interactions with other forces. Tax rates, inflationary pressures, technology, commodity policies and international market forces, to name a few, all interact in a kind of "economic chemistry".

Analyzing this brew requires information about the forces driving the changes. The decline in total farm numbers is one of the most frequently used statistics in discussions of general policy issues. This statistic, while making a point about what has occured, conceals much more than it reveals about the farm sector today. Only 1 in 12 farm families depends entirely on farming for income. Policies, programs and events have created jobs for rural residents, while technologic improvements have created

efficiency gains for larger producers, and increasingly the marketing system is becoming oriented to better serve larger producers (USDA, 1981a). The most widely used source of farm numbers is the Agricultural Census of the Department of Commerce. This report utilizes two definitions of a farm. The original definition was based primarily on a combination of "acres on the place" and the estimated value of agricultural products sold. Places of less than 10 acres were counted as farms if the estimated sales of agricultural products for the year amounted to at least $250. Places of 10 or more acres were counted as farms if the estimated sales were at least $50. The new definition of a farm is more restrictive, requiring product sales of $1,000 or more. This change affects the number of farms in the smallest sized categories and thus the percentage shares for all size groups. Analysis herein uses the new definition and focuses on family farms with sales between $40,000 and $200,000. As a group they comprise 22.1 percent of all farms and produce 81 percent of total farm sales (USDA, 1981b).

"The Balance Sheet of the Farming Sector" (USDA, 1980c) provides information on rates of return for the farm sector. While the average total return to equity (including capital gains) is appreciably higher for the 1970's than for the previous decade, the curent rate of return to equity investment has declined to 3.7 percent. Tweeten (1979) reports a 4.0 percent current average rate of return to farm

investments since 1960. This return plus capital gains, assumed to equal the rate of general inflation, is the total return on farmland used in this study.

Land ownership has been a deep-seated personal goal in the American culture from its beginning. Having a chance to own the land they worked and to realize the income from it has always been a value fundamental to American farmers. Farmers who own part and rent the rest of what they work have now become a large and growing category of farm operators. Their operations account for over half of American farmland (USDA, 1981b). As a policy issue, full tenancy commands little attention, perhaps because full-tenant operations now account for only about 11 percent of farms. Moreover, being a tenant farmer in many instances no longer implies either poverty or reduced social status, although ownership remains a cherished goal in our society.

Research by Tweeten (1980a) and Melichar (1979) has shown that as long as we expect significant inflation in land values, returns to ownership of farmland will continue to be split between current net returns to land and capital appreciation of the land. During the 1970's, appreciation in land values was by far the greatest part of total land returns.

Very likely, the greatest single force propelling changes in the current structure of landownership in agriculture is inflation. In current dollars, physical

assets of farm operations (land, buildings, machinery and livestock) more than tripled in value between 1960 and 1978, with the major increases occuring after the 1973 boom in grain prices. Benefits and costs associated with land purchases in inflationary times are unevenly distributed. Land is an investment hedge against inflation, but, perhaps more importantly, it is a tax shelter. With high interest rates induced by inflation, the distance between current earnings on farmland and the amount needed to carry the financing has widened. The rate of current earnings might even be decreased by the same inflation that raises interest rates (USDA, 1981a). The growing gap between interest rates and returns to land is most easily bridged by the wealthy because of specific provisions of the tax laws. Inflation enhances the attractiveness of farmland as an investment and strengthens the competitive position of the wealthy in buying land.

Inflation creates other circumstances that drive structural change. A farmer who purchased farmland 20 or even 10 years ago, for example, not only has obtained large gains in net worth (which can be used as loan collateral) but also has lower cash obligations to be met out of annual receipts. That large equity and cash surplus can be used to outbid other potential purchasers of land. Federal income tax laws also work to reduce the real cost of such investments to high income producers, increasing their competitive strength.

Established owner-operators are in a strong competitive position compared to young potential owner-operators. The established owner-operators and other farmers with high taxable incomes can obtain a defacto tax exempt status, deferring taxes on current income by continual growth and expansion of the farm. High income farmers who are able to meet the initial cash flow are more able to afford purchases, thereby accelerating the trend toward fewer and larger farms. Entering owner-operators who have gross returns similar to established farmers find it difficult to handle the negative cash flows that result from high levels of debt financing relative to current returns. Tweeten (1980a) shows that capital gains that can be realized or fully used as borrowing collateral potentially can offset the cash flow shortfall caused by high mortgage interest rates. But such "mining" of capital appreciation is especially difficult for highly leveraged entry level operators, further eroding their comparative advantage compared to established owner-operators. Cash flow problems stemming from national inflation, which defers returns and raises immediate costs of farmland, are exacerbated if land earnings are expected to increase faster than inflation, transforming farmland into a "growth stock" (Melichar, 1979).

Babb (1979) contends that progressive income taxes tend to discourage growth in farm size. However, large farm

operators derive a greater advantage from the use of cash accounting procedures and investment tax credits than do small farm operators (Raup, 1978). Eginton (1980) looked at specific income tax provision and found that interest payment write-offs created major incentives for growth. Depreciation allowances and investment tax credits encouraged growth, but to a lesser extent. In general, these write-offs have, in the presence of high inflation and the attendant tax bracket creep, reduced the cost of capital investment. The credit does not reduce costs, however, unless there is a tax liability against which it may be applied. Most reseachers in the tax area conclude that tax benefits are proportional to the tax rate on the income sheltered through these rules, so the greatest inducement is offered to the wealthiest and highest income taxpayers.

Harl (1980) analyzes numerous tax policies specified in various tax laws, which can influence investment behavior and thereby have a bearing on structure. The tax policies which impact on agriculture are general in their design. That is, they were not designed specifically to benefit one size or type of farm over another, or to influence structure in any predetermined direction. But, in fact, those individuals or firms with considerable wealth or high income-tax liabilities have the greatest incentives and financial ability to utilize the tax rules to their benefit.

Research results to date are consistent on one point: the direction of change caused by tax policies has been toward increased concentration of farm production and wealth, and perhaps more capital-intensive technology.

The USDA structure of agriculture report concluded that existing tax law tends to perpetuate ownership of farm assets, particularly land (USDA, 1981a). In addition, the report states that tax law seems to encourage (a) capital structures with a higher ratio of debt to assets, and (b) greater use of debt capital relative to other resources than would otherwise exist, and (c) the substitution of capital for labor. Eginton (1980) reported that existing tax laws encourage the growth and expansion of high income producing farms. Some of this growth comes at the expense of other farms, and some at the cost of denying entry to persons who want to begin farming. Tax law thus appears to have abetted the trend toward fewer and larger farms.

Cash flow is used herein to answer questions about the structure issue by looking at the effects of inflation, cash-flow limitations on abilities to meet mortgage obligations for different tenure situations, and the interaction of these conditions with taxes.

Taxes are levied to raise revenue and as one means to stabilize and direct the economy. Fiscal policy that specifies their level and incidence affects the distribution of income and wealth in our society. This report focuses on

the potential impacts of taxation on the structure of agriculture. The analysis seeks to answer several questions including: Have our Federal taxes influenced the patterns of ownership and control of farm assets, the distribution of wealth in the agricultural sector, and the way that the farms are organized and operated?

CHAPTER III

THEORY

Farmers inability to cover inflated expenses with current earnings is a cash flow problem. Some of the sources of this cash flow problem are national inflation, declining labor-management shares of farm returns, increasing size of economic farming units and increased reliance on debt financing. Among these sources of the cash flow problem, inflation and increased debt financing can most easily be linked to federal fiscal-monetary policies. Whatever their source, cash flow problems have implications for the future structure of the farming sector.

The cash flow problem centers around farmers' current expenses and the distribution of earnings over time. This pressing problem is not necessarily due to low returns to assets invested in farming. Numerous studies on farmland pricing by Tweeten (1979, 1980) and Robison (1980) have shown tendency for a constant ratio of net returns to current land prices over time. Algebraically, this can be represented by the equation

$$Rt = aPt$$

where net returns to an acre of farmland are represented by Rt, rents, equal to the rate of return, a, multiplied by the price of an acre of farmland in time t, Pt. The interest expense, C, for an acre of farmland is

$$Ct = rPo$$

where r is the interest rate, defined herein as the sum of the expected rate of inflation and the real rate of interest, effective at the time of the purchase. Po is the initial or purchase price of the asset. This assumes a perpetual mortgage, or approximates the early years of payment on a conventional mortgage.

The difference between net returns, aPt, and interest expense, rPo, for the asset is the cash flow attributed to land, or

$$CF = aPt - rPo.$$

In a stationary economy, the simplest case with no inflation, there would be no capital gains on land due to financial factors, so Po would be equal to Pt. CF would be a positive income stream whenever the rate of return to farmland is greater than the interest rate, or

$$a > r.$$

As long as this condition exists, entering or expanding in farming is possible without heavy reliance on outside income or wealth.

Effects of Inflation

Now consider the effects of inflation on cash flow. In a study on farmland pricing in an inflationary economy, Tweeten (1981) found empirical support for the hypothesis that the current rate of return on farmland is invariant to the rate of inflation. The rate of return trends toward a constant, a. The value of farmland will increase with inflation resulting in a capital gain for the land owner. This capital gain, Pt - Po, is not realized in cash by the owner-operator, however it does contribute to his future cash flow under the above assumptions. Cash flow will remain positive in subsequent time periods as long as

$$aPt > rPo$$

Breaking this expression into factors gives the expression in terms of the capital gain on land

$$a(Po + nPo) > (n + i + in)Po$$

where i = real rate of interest and n = expectations rate of inflation. But $Po < (1 + n)Po$ for one time period if farmland values keep pace with inflation. So, the conditions for positive cash flow in terms of inflation are:

$$aPo + anPo > (n + i + in)Po$$

$$anPo > (n + i + in - a)Po$$

$$an > (n + i + in - a)$$

$$a > (n + i + in - a) / n$$

When n lies between 0 and 1, as n increases the ability of a, net returns to agricultural investments, to provide a positive cash flow is reduced.

The above derivation shows that increased inflation causes cash flow shortfalls for fully financed agricultural land investments. Fortunately, continued inflation alleviates the problem by increasing future returns if the initial cash flow deficits can be met by income from other sources.

The cash-flow problem associated with inflation can be further illustrated with an example. Assets controlled by typical family farmers, where a typical family farm is defined to be the size of farming unit annually utilizing 2600 hours of family labor, range from 800,000 to 1,500,000 dollars. For simplicity, assume a one million dollar fully financed commercial family farm earning a real return to invested assets of 4 percent annually and 3 percent real rate of interest on a perpetual mortgage. Under a scenario of no inflation, the returns on assets, Rt, would be 40,000 dollars and the interest expense, Ct, would be 30,000 dollars. The resulting cash flow of 10,000 dollars assures liquidity and allows for contributions to principal and living expenses. A fully amortized 30 year mortgage requires an annual payment of 51,019 dollars for interest plus principal. This form of financing would require contributions from labor and operator management earnings to

meet the mortgage expense. An owner-operator may generate sufficient internal savings from his labor-management returns to make these payments. As long as enough income remains uncommitted to financing to pay living expenses, the farmer can enter farming sucessfully.

With 6 percent inflation, the situation is less favorable for the low-equity beginning farmer. Using the same example and assumptions as above, the interest rate charged with the inflation premium would be (n + i) 6% + 3% for an interest rate of 9 percent. The initial year returns to assets, R1, would remain at 40,000 dollars, while the constant expense stream, Ct, would be 90,000 dollars. This leaves an initial year cash flow deficit of 50,000 dollars. This shortfall is too large to be paid from internalized savings out of labor-management earnings. Land income, R14, in year 14 would generate enough income to offset the interest payment. To retire the mortgage in 30 years would require an annual payment of 97,336 dollars. Asset earnings based on inflated land values would cover this conventional mortgage cost after 16 years of deficit operation under the assumption of 6 percent inflation. The farmer must be able to survive 16 years of negative cash flows before annual earnings on assets growing at 6 percent per year will equal the initially set 9 percent borrowing cost.

At higher rates of inflation, the situation becomes progressively more difficult. The time period required to

"break even" decreases but the magnitude of the cash flow deficits leading up to the "break even" point increase dramatically.

High rates of inflation appear to favor established owner-operators with high net worths. The impact of inflation according to theory most severely dampens opportunities for low-equity entry-level and expanding farmers.

Inflation increases the equity requirements for a zero cash flow (break even) starting position for ownership of a given number of acres. The above derivations assume 100 percent financing, but conventional mortgages on farm land usually require a 20 percent down payment. The returns from this equity are not committed to servicing the original mortgage and may be applied towards offsetting cash flow deficits incurred on the remaining mortgages. This strategy can be effective at low inflation rates. To show how this minimum equity requirement responds to inflation rates, the cash flow equation

$$CF = aPt - rPo$$

can be expanded to incorporate the effects of inflation on the assets income stream and borrowing costs.

The cash flow equation under inflation is income less expenses.

$$CF = a(1 + i)Po - (n + i + in)Po$$

where

a = net rate of return on farm land

n = inflation rate

i = real rate of interest

Po = initial or purchase price of asset

Initially, inflation acts only on the expense factors of the equation, so the cash flow equation for the first years accounting is:

$$CF = aPo - (n + i + in)Po$$

In this worst case, the anticipated inflation is reflected in the borrowing expense while expected increases in the income stream have not, as yet, been realized. The cash flow shortfalls in the initial year will be the most severe constraint on financial survivability. To show how inflation affects initial year cash flow, the above cash flow equation can be solved for the expected inflation rate, n, using a set of assumed values for the other variables.

rate of return: $a = .04$

real rate of interest: $i = .03$

cash flow: $CF > 0$

The equation is independent of the price of land, Po. With the assumption that cash flow must be positive, the equation simplifies to:

$$a > n + i + in.$$

With the assumed variable values from above, $n < .97\%$ for the cash flow to be positive in year 1. This result is easily anticipated from a farm management accounting standpoint, showing that the 4 percent earning power of a

newly purchased farm asset can only support a 1 percent inflation premium and a 3 percent real rate of interest. Inflation rates of 1 percent or less would allow access to farming for new entrants subject to the ability to provide food and shelter out of earnings from farm equity, farm labor-management or off-farm sources. This discussion assumes a perpetual mortgage with no amortization. Contributions to principal would place increased demands on earnings, thus reducing the potential for entering farming with no equity base. Since rates of inflation have been well above this maximum break even level for many years, it is more interesting to examine the effects of inflation on initial equity requirements.

To find the percentage of Po, DP, required in initial equity to achieve a zero cash flow in the first year, the income awarded to the entire asset is set equal to the expenses of a perpetual mortgage on the asset value less down payment.

$$(1 + i)aPo = (n + i + in)\ (1 - DP)Po$$

$$(1 + i)aPo\ /\ (n + i + in) = (1 - DP)Po$$

$$(1 + i)a\ /\ (n + i + in) = 1 - DP$$

$$DP = 1 - (1 + i)a\ /\ (n + i + in)$$

Differentiating this equation for initial equity in terms of inflation yields the derivative of downpayment with respect to the inflation rate.

$$a + 2ai + ai\ 2\ /\ (n + i + in)\ 2$$

This derivative is always positive, so as inflation increases, the downpayment required for a zero cash flow balance sheet in the first year increases.

Using the same assumed variable values as in the previous example, the downpayment equation yields the following results: For inflation rates of zero to one percent per year, no down payment would be necessary. At 3, 6 and 9 percent inflation, down payments of 43, 54 and 67 percent respectively would be required to meet borrowing expenses in the first year of operation. The theory shows what new and expanding farmers have found: with high rates of national inflation, a given equity can not be as highly leveraged.

During periods of increasing unanticipated inflation and fixed interest rates, the more highly leveraged borrower reaps real wealth gains from lenders. This exacerbates the problem of competition for entry by advantaging established farmers with higher equities. Furthermore, those farmers who are able to survive the initial high deficit years through other earnings are rewarded with very high rates of return to initial investment. As this happens, subsequent purchases become progressively easier for these established owner-operators.

What can entry-level farmers do to become established in farming? As younger farmers become less able to purchase farmland, renting becomes one viable alternative. This

allows the farmer to control enough land to fully utilize his other available inputs (labor and machinery) without committing his capital to ownership. Such a farmer can build equity in machinery and provide income for family living expenses through labor and management earnings. As savings and net worth acrue, the chance to become an owner-operator may become available.

Renting additional land can also be a viable strategy for existing owner-operators who are past the mid-point in their farming careers. Individuals who do not desire to increase their long-term debt may have needs for additional land to fully exploit their labor resource or to adopt new labor saving technology which effectively increases the size of an economic unit. In theory, rents award all of the net returns to land to the owner. From the earlier equation relating rents to the current price of land, $Rt = aPt$. If this relation holds, the renter will gain income on rented land exclusively through earnings from his labor-management and equity in machinery and other owned resources applied to the rented land. To the extent the renter retains earnings in excess of normal rents, incentives exist to utilize available family labor and other owned resources through custom farming or rented land.

In theory, inflation forces trade offs in ownership control or size of operation for beginning farmers. As inflation increases, initial equity requirements rise. For

an entry-level farmer with a given initial net worth, size of operation under ownership control must be compromised as inflation increases per acre mortgage costs. As size of operation is traded off, operator labor requirements change. This labor can be employed on-farm through renting additional land or in off-farm work. Rental strategies compromise the owner-operator ideal, while off farm labor affects the goal of being a full-time farmer. The chain of trade-offs required for entry into farming, resulting from increases in inflation, may change the economic requirements and opportunities for ownership control available to prospective family farmers.

Tax Effects

For farmers who have sufficient initial equity or cash flow to be owner-operators, the current tax codes offer several beneficial provisions. These benefits take one of two forms: tax deductions such as interest payment write-offs and depreciation allowances, or direct tax credits such as the investment tax credit. Each of these benefits provides farmers with subtle, but very real, incentives to pursue certain courses of action. Questions as to the propriety of directing decisions by means of the tax codes are beyond the realm of this study. This research concentrates on the potential effects on farm growth of utilizing these benefits.

Tax deductions redistribute the burdens of taxation. Each of the deductions examined in this study change the economics of asset ownership and expansion decisions for family farmers. The values of these deductions vary with income due to the graduated nature of the Federal income tax rate schedules. Consider the value of interest deductions for various taxable income levels. The real cost of borrowing money is the nominal interest rate less whatever would have been paid in taxes had the interest expense not been deductible.

TABLE I

AFTER TAX COST OF BORROWING MONEY

Taxable Income	Marginal Tax Rate*	Nominal Interest Rate			
		8%	10%	12%	18%
Dollars		After Tax Cost, If Deductible (%)			
12,500	21%	6.3	7.9	9.5	14.2
25,000	32%	5.4	6.8	8.2	12.2
50,000	49%	4.1	5.1	6.1	9.2

* 1980 rates

Table I shows the potential savings through interest deductions for three taxable income levels. High marginal tax rate payers, in effect, pay less to borrow money than lower rate payers. In actual practice, these individuals face lower real costs from any decision which results in a tax deduction. Other financial aspects of the investment decision such as the commitment of future income to debt servicing remain the same. The incentives to leverage investments through borrowing and to make capital investments become stronger as marginal taxation rates increase. Inflationary effects on tax brackets have increased these incentives.

From a structure standpoint, these deductions are a mixed blessing. On the one hand, as shown above, they encourage growth and investment by high wealth individuals with high propensities to save, thus leading to the consolidation of farms with the possible side effect of higher land prices due to increased demand. On the other hand, these same deductions allow easier entrance to farming for beginning farmers. The Oklahoma break-even starting position provides an example of this impact of tax deductions.

The ability to deduct $12,897 in interest payments from taxable income allows a full-time family farmer in Oklahoma to control through ownership 184 acres of a 960 acre farm and still provide a minimum living of $12,600 for his

family. Without this deduction, valued at 30% for tax savings, the break-even land holding would be 94 acres. The farmer's annual disposable income would be reduced by $3,709. To maintain a $12,600 standard of living, this beginning farmer would have to seek off-farm work or rent additional land to supplement his farm income. Tax deductions such as interest payment write-offs help defray the costs and risk associated with the initial years of farming. Interest payment deductions and depreciation allowances allow lower equity starting positions to be economically feasible for entry-level farmers.

Farmers can benefit economically by taking advantage of the incentive to accumulate wealth at the expense of consumption offered by the current tax codes. Farmers willing to make this trade-off enjoy increasing benefits over time from operating larger farms better suited to realize economies of size, increase benefits of annual income tax deductions and deferred taxation through capital gains. The theory described receives support from statistics on farm size showing that family farmers and farm investors grow as their current incomes and propensities to invest for the future allow. In short, whenever current earnings exceed consumption demands, expansion of the farm business can and often does result.

Farmers who may have been indifferent towards expansion in the past are now seeing the benefits of debt financed

growth. Especially in the 1970's, farmers encountered additional incentives to grow in the form of real wealth increases for debtors due to unanticipated inflation. These unanticipated trends have been especially beneficial for highly leveraged farm land holders. As expectations of continued inflation persist, farmers seeking gains in net worth are encouraged to expand. However, recent changes in national policy and mortgage formats may serve to reduce opportunities for real wealth gains because of greater chances of deflation and the adoption of indexed interest rates on long term borrowings.

Given a somewhat stable aggregate land base, the theoretical counterpart to growth in size of farms is decline in numbers of farms. The firm level analysis of this study is linked to macroeconomic issues of agricultural structure. Policies affecting growth rates analysed in this study also influence farm numbers.

CHAPTER IV

A DESCRIPTIVE ANALYSIS OF THE DATA

Typical Farm Series

The United States agricultural sector is presently composed of nearly 2.5 million independent farming operations. To provide information about american farms, the Department of Agriculture published a cost and returns series for average types of production farms by region. These publications gave farm incomes and costs for a variety of crop, livestock and specialty crop production situations and were widely used as an indicator of the well-being of individual farmers. However, as agriculture evolved, difficulties arose with the series and it was discontinued and replaced by a new, more flexible series.

The new Firm Enterprise Data System typical farm series provides the basic firm data for the initial operating year of the farms used in this research. This data series attempts to provide up-to-date summary information describing the resource base, production levels, and operating budgets on a comparable basis for typical farming operations across the U.S. The data, encompassing most of

the major commodities produced throughout the nation, provide useful information on farm receipts, expenses and the balance sheets used in this study.

The Typical Farms

The organization and enterprise combinations of the farms in the data series typify operating farms located in areas emphasizing production of the major enterprise on the typical farm. Most present day farms concentrate on one or two major enterprises and the total farm organization is developed to support and complement the major enterprises. Data and information for synthesizing the typical farms are based on the Census of Agriculture, cost of production surveys and ESCS statistical data. A modal size of principal enterprise was selected and the remaining typical farm characteristics were derived from the data sources. A typical farm defined in this manner is not an average but is representative of a selected type of farm in a specified area. The typical farms in this series are intended to be realistic models of commercial farming units operating in the specific areas. The key varibles for depicting the typical farms are the size of farm, land and livestock values, total asset value and labor requirements. These are summarized in Table II.

The typical farm for Oklahoma is defined as a cotton, wheat and beef cow farm. The Census data used to determine

TABLE II

CHARACTERISTICS OF THE FEDS FARMS

Farm	Land Value	Livestock Value	Value of Unit	Typical Size	Labor Required
	---------Dollars----------			Acres	Hours
SW Oklahoma	1,046	12,905	1,210,060	960	2,516
Central Iowa	3,338	10,728	1,243,291	320	3,392
Minnesota	2,160	26,952	918,003	320	2,304
Illinois	3,914	0	1,775,952	400	1,492
Ohio	3,060	0	913,239	240	770
Missouri	1,580	20,076	792,023	360	2,419
Nebraska	2,257	11,778	1,705,060	640	3,468
North Dakota	778	0	1,096,357	990	3,326
Georgia	1,274	18,700	991,790	580	3,062
South Carolina	1,296	18,950	514,710	320	1,290
Arkansas	1,389	0	1,468,266	850	5,678
Mississippi	1,295	0	1,558,235	900	4,293
Texas High Plain	1,346	0	1,259,553	720	4,025
Central Texas	973	21,777	713,899	600	2,106
Kansas	1,119	11,778	937,745	640	2,342
Montana	548	0	1,775,274	3,404	2,797
Colorado	565	42,998	2,130,433	3,200	3,104
Washington	1,270	0	1,975,162	1,280	2,010
Arizona	3,862	0	6,154,282	1,440	7,215

the modal size of the principal enterprises comes from Tillman, Jackson and Cotton counties in southwest Oklahoma. Cost of production data and price and yield information are derived from enterprise budgets developed and maintained by the Federal Enterprise Data System.

The sizes of the enterprises of the Oklahoma typical farm are: cotton production, 140 acres; wheat production, 420 acres; hay production, 50 acres; pasture land, 320 acres; and, 30 beef cows.

The cash flow equation of the simulation model was used to calculate the initial starting positions for the zero cash flow tenure arrangements. The equation was modified to allow a solution which trades off income against mortgage expense by varying the number of acres under ownership control for a given typical size farm. The enterprises of the 20 typical farms used are detailed in Table III.

The zero cash flow equation has variable income and expense streams calculated as follows:

Income from one acre of land X (no. acres owned)
+ Family labor earnings
+ Operator management return
+ Machinery equity return =
Family living expense
+ Mortgage payment per acre
X (1 - equity requirement) (no. acres owned).

TABLE III

ENTERPRISES OF THE 20 TYPICAL FARMS

Farm	Enterprise Name	Size Acres/Head	Machinery Value -----1979 Dollars-----	Receipts
S.W. Oklahoma	Cotton	140 Ac	154,875	107,166
	Wheat	420 Ac		
	Hay	50 Ac		
	Pasture	320 Ac		
	Beef Cows	30 Head		
Central Iowa	Corn	150 Ac	155,537	113,252
	Soybeans	125 Ac		
	Farrow Sows	50 Head		
Minnesota	Corn	110 Ac	191,129	73,883
	Corn Silage	25 Ac		
	Soybeans	110 Ac		
	Hay	15 Ac		
	Oats	20 Ac		
	Fed Steers	100 Head		
E.C. Illinois	Corn	200 Ac	158,647	105,109
	Soybeans	180 Ac		
N.W. Ohio	Corn	95 Ac	145,592	55,487
	Soybeans	90 Ac		
	Winter Wheat	35 Ac		
N.E. Missouri	Corn	100 Ac	175,300	82,853
	Soybeans	80 Ac		
	Clover Past	50 Ac		
	Bermuda Past	91 Ac		
	Beef Cows	35 Head		
	Farrow Sows	20 Head		

TABLE III (Continued)

Farm	Enterprise Name	Size Acres/Head	Machinery Value -----1979 Dollars-----	Receipts
S.C. Nebraska	Irrig Corn	320 Ac	201,347	128,844
	Wheat	80 Ac		
	Alfalfa	80 Ac		
	Pasture	140 Ac		
	Beef Cows	30 Head		
North Dakota	Wheat Fallow	135 Ac	266,675	173,857
	Barley	116 Ac		
	Wheat	280 Ac		
	Potatoes	274 Ac		
S.W. Georgia	Peanuts	125 Ac	200,705	129,230
	Corn	220 Ac		
	Coastal Hay	15 Ac		
	Native Past	60 Ac		
	Coastal Past	60 Ac		
	Beef Cows	50 Head		
South Carolina	Fescue	120 Ac	63,619	26,630
	Bermuda	75 Ac		
	Corn	50 Ac		
	Cows	50 Head		
Arkansas	Rice Irrig	250 Ac	230,371	201,496
	Soybeans Irri	100 Ac		
	Soybeans	400 Ac		
Mississippi				
	Cotton	360 Ac	342,942	202,059
	Soybeans	370 Ac		
	Wheat	80 Ac		
Texas Plains				
	Cotton Irrig	200 Ac	252,234	126,413
	Sorghum Irri	250 Ac		
	Cotton	100 Ac		
	Sorghum	90 Ac		

TABLE III (Continued)

Farm	Enterprise Name	Size Acres/Head	Machinery Value -----1979 Dollars-----	Receipts -----1979 Dollars-----
Central Texas	Peanuts	140 Ac	86,002	48,641
	Sorghum	50 Ac		
	Cropland Past	50 Ac		
	Pasture	340 Ac		
	Beef Cows	50 Head		
S.C. Kansas	Winter Wheat	340 Ac	176,671	93,745
	Sorghum	100 Ac		
	Hay	20 Ac		
	Pasture	60 Ac		
	Stockers	100 Head		
	Cows	30 Head		
Montana	Winter Wheat	940 Ac	160,221	115,263
	Barley	220 Ac		
	Spring Wheat	200 Ac		
E.C. Colorado	Wheat Fallow	720 Ac	223,093	82,758
	Hay	70 Ac		
	Pasture	1,620 Ac		
	Beef Cows	107 Head		
California	Irri Wheat	386 Ac	357,626	571,269
	Irri Sorghum	140 Ac		
	Rice	650 Ac		
Washington				
	Winter Wheat	250 Ac	287,005	163,382
	Dry Peas	200 Ac		
	Wheat Fallow	300 Ac		
	Barley	200 Ac		
Arizona				
	Irri Cotton	380 Ac	486,717	372,125
	Irri Wheat	210 Ac		
	Irri Alfalfa	50 Ac		

Inflation rates affect the expense stream, but not the income stream in the first year. The resulting differences in mortgage expense change the initial tenure positions which result in a zero cash flow first year balance sheet. For example, the change from 6 to 12 percent inflation raises the debt service on an acre of land for the Oklahoma farm from $101 to $159. More equity or other farm earnings would be required to offset this $58 per acre added expense. Under the assumption of a 20 percent starting equity, the initial ownership for an Oklahoma farmer facing 6 percent inflation would be 184 acres mortgaged versus 82 acres for 12% inflation. Similar changes were recorded for the effect of inflation on starting position for the other states in the study.

CHAPTER V

THE MODEL FOR THE EVALUATION OF FEDERAL POLICIES INFLUENCING FARM GROWTH

A deterministic computer simulation model was developed which computes annual income and expense streams and a yearly financial balance sheet for the firm for each of 30 years. This balance sheet includes cash flow, tax payments, family consumption and savings, and various measures of firm size and a record of rates of growth.

The data computed in the simulation model provide a basis for testing the impacts of selected federal policies by comparing the results of runs made with and without a specific tax provision, or with various assumed inflation levels.

Farm firms are considered to be able to expand and grow only during years in which the firm generates income in excess of expenses. Once the decision is made directing the disposition of these profits to consumption, savings or investment, the feasibility of expansion can be analysed. Cash flow analysis provides the information needed to determine the feasibility of expansion by taking the

operating income and expense streams and calculating the residual cash surplus or deficit. Farmers with positive cash flows are poised for growth.

Income and expense streams of actual firms are subject to gyrations caused by exogenous factors such as weather and export levels. Simplifying assumptions project constant average returns from which costs can be deducted to determine net cash flow. This cash flow can be expected to continue or increase in subsequent years, subject to imputed variation in costs over time. As such, this cash flow approximates the funds available to the firm for increases in consumption, savings or investment. Cash flow shows how much money is available each year from the existing operation to finance expansion. The use of cash flow to service new mortgages provides the basis for growth in owned acres.

The system of equations which form the basis of this model are as follows:

Total Income Equation:

Total Income = Net income from land ownership
+ Family labor earnings
+ Operator management return
+ Machinery equity return.

Taxable Income Equation:

Total Taxable Income = Total income
- Personal exemptions
- Depreciation allowances
- Interest payment write-offs

Cash Flow Equation:

Annual Cash Flow = Total Income
- (Income tax less tax credits)
- Self-employment tax
- Current living expense
- Total mortgage payments

Net Worth Equation:

Net Worth = Current Value of land holding
+ Value of Machinery Complement
+ Cash savings
- Mortgages - Machinery debt.

Borrowing Equation:

Borrowing Power = Cash Flow Surplus
x Present value factor.

Minimum Living Equation:

Minimum living expense = Urban Median Income
x Rural savings rate adjustment.

The variables are calculated as follows:

Income from land equity = 4% of current value.
Labor returns = On-farm labor at farm wage rate
+ Off-farm wages on surplus time.
Operator management return = 7% of value added.
Machinery return = Value of machinery equity
x Opportunity cost factor.
Depreciation allowance = 6% of machinery value.
Interest write-offs = Mortgages x Interest rate.
Self-employment tax = Net farm income
x Self employment tax rates.
Current living expense = $12,600
x Inflation factor.
Total mortgage payments = Total mortgages
/ Present value factor.
Hired labor expense = Hours used x Farm wage.

Assumptions

The central assumption in this research is that cash flow gives a measure of a family farm firm's ability to survive and grow. Growth decisions are based on cash flow criteria to model the decision-making process followed by family farmers seeking firm expansion. To insure consistency and thus comparability of results across the various experiments, this model assumes farmers will expand using financially leveraged purchases to a point at which they reach and maintain a near zero annual cash flow without refinancing.

A second set of assumptions regarding income and expense streams are a necessary part of a deterministic simulation model. Specific data on prices, yields, costs and technological improvements over the 30 year simulation (1979-2009), or approximations of these variables made by assumptions, are required. Assumptions for these variables were selected to approximate projected real-world situations based on past performance and economic theory. They provide the basis for comparison required to test the hypotheses of this research. A net, after production expense, 4 percent return based on the current value of land is awarded to the owner-operator. The labor-management income is estimated using the farm wage rate times labor requirements plus a 7 percent return to net cash receipts for management. Net

cash receipts comprise the value of all agricultural production, less input costs. Debt financed machinery investments are assumed to break-even financially through labor savings, efficiency increases and timeliness benefits. Any equity in machinery is awarded an opportunity cost return contributing to income.

Initial Farm Parameters:

Land Value (1979 market prices)
Number of acres operated
Number of acres owned with full equity
Number acres owned with mortgages
Number of acres rented
Capital gain rate on land
Value of machinery required for units
Value of machinery owned
Value of machinery under loan
Depreciation rate on machinery
Minimum size land tract for expansion.

Economic Parameters:

General inflation
Machinery inflation
Interest on machinery loans
Interest on savings
Returns to equity
Returns to rental land by value of net receipts
Leverage rate for savings
Capital gains use rate
Mortgage rate for land.

A 30 year horizon was chosen to replicate the typical term of active growth oriented ownership for a family farm owner-operator. The operator can be assumed to begin farming for himself at age 35, which allows for building experience and net worth in earlier years in preparation to become a farm operator.

Initial Farm Parameter Values

The land value for each of the 20 typical family farms was determined from the Firm Enterprise Data System, which lists the value of all land-based improvements (fences, barns, terraces, drainage, etc.) separately, and reports land values exclusive of these improvements. For this study, the value of land-based improvements is added to the unimproved land value to approximate the market price of an average acre of land.

The number of owned acres, mortgaged acres, and rented acres were calculated from the cash flows reported for the FEDS typical family farm. The ownership patterns of these economic size units change for the various experimental starting positions (full owner, zero cash flow minimum equity, full renter). For example, the full-owner's initial position has no mortgaged or rented acres. For the renter or part owner, the growth strategy employed in the model initially replaces rented land with expansion purchases. This replacement continues until the entire economic size unit is under ownership control. At this point, expansion beyond the typical size results from additional expansion purchases.

The value of the machinery complement required by the beginning typical size family unit is taken directly from the FEDS machinery accounting data for each typical farm.

The depreciation allowance in the first year of the simulation is the same for each of the ownership experiments. The farms' labor requirements are taken from the typical farm data. These labor requirements are entered as hours of labor required per acre operated. The typical farm family is assumed to have four members providing 2,600 hours of labor annually. For farms with labor requirements less than 2600 hours, provisions for off-farm employment allow full utilization of the available labor at an hourly wage rate of $7.50. Off-farm time is replaced with on-farm work up to the point of full utilization of available family labor resources Additional labor is hired when labor requirements exceed the family's available time. After the twentieth year of the simulation, the two children are no longer assumed to be available for farm work, so the family's annual labor resources drop to 2000 hours. All farm labor is paid the farm labor wage rate reported by the USDA for the state in which the farm is located.

Exogenous Economic Parameters

The impact on typical family farms of federal policies influencing the general price level are gauged from assumed inflation rates of 6 and 12 percent to show the possible effects of continuing high and intermediate rates of inflation on growth in size and net worth.

Interest rates charged on purchases and paid to savings are based on a real rate of 3% resulting in a nominal rate equal to the inflation rate plus 3%.

The federal tax schedules used within the model to determine income tax liabilities are based on the tax rules and rates in effect in 1981. The various tax deduction experiments change the method for calculating taxable income. An experiment using non indexed income tax schedules similar to those in effect prior to the 1981 tax legislation has been included for comparison. Self-employment tax limits are indexed to general inflation rates and the tax liability is calculated using the current projections.

The living expense for the farm family was set to be equivalent to the median family income of urban families in 1979. Farm families save at rates approaching 30% of their incomes in contrast to urban residents 5% saving rates. The differential between these consumption/savings patterns provides the basis for adjusting the minimum living standard to 70% of the urban median income. The farmer is assumed to invest the entire income differential in his farm operation. This assumes a farm family spends $12,600 per year when a median income urban family earns $19,000.

The value of a minimum size expansion tract is based on the area of the country and the costs of improvements and livestock typically associated with the land. The model

uses expansion units of 40 acres, with specific values for each typical farm operation.

A present value factor is used throughout the model to calculate the annual mortgage payments, first on the initial mortgage and later on any leveraged expansion purchases. The present value of a uniform series of payments is calculated for each rate of interest and length of loan. The accounting formula used is:

$$\text{Present value of \$1} = 1 - (1 + i)\text{-}N/\ i$$

where i is the rate of interest and N is the number of payments.

Beginning of Accounting Year in Model

The simulation model begins by calculating the current values of the imputed variables and determining the income and expense streams for the accounting year necessary to produce a financial balance sheet for the farm operation beginning on January 1. The current values of land and of the machinery compliment are determined by multiplying their original values by an inflation factor of (1 + inflation rate) raised to the N-1 power where N is the year of the simulation (no inflation premium is added in the first year because initial values include year 1 inflation). The resulting data are used to calculate the current values of the land equity and farming unit.

Other Income and Expense Elements

The income streams from all sources are calculated in current dollars. The annual mortgage payments are broken down into interest and principal components for use in the tax computations. The current maximum taxable self-employed income is calculated by inflating the 1979 ceiling of 17,700 to current dollars. The taxable self-employed income of the owner-operator up to this maximum is charged at the 1979 rate of 8.1 percent and entered as an expense. An indexed allowance for personal exemptions is deducted from taxable income. The machinery depreciation tax deduction used approximates an annual tax deduction allowance of 10 percent of the purchase price. New accelerated depreciation schedules have not been considered. These income, expense and tax allowances are summed to find taxable income in current dollars.

Indexing Income Tax

In the standard case with indexed income tax rates, the taxable income is deflated to constant dollar terms and the tax liability is determined from the tax rate tables. This tax is inflated to current dollars for the year of the simulation. At this point, investment tax credits for the firm are calculated as 10 percent of the years depreciation or .6 percent of the current value of the machinery compliment.

With the elements of the financial balance sheet now available, annual cash flow is calculated as follows: total income - total expenses - (federal income tax - investment tax credit). These cash flows give a measure of the firms' ability to service additional mortgages, and as such are used as the basis for expansion decisions.

CHAPTER VI

RESULTS OF THE SIMULATION MODEL

This chapter reports implications of fiscal-monetary policies for twenty typical commercial family farms. Data are provided on estimated rates of growth in discounted net worth and on changes in size for alternative ownership patterns and selected federal income tax features. These results are tabulated in the appendix Tables IX through XLVIII. To save space, the discussion of these data primarily focuses on the Oklahoma farm. Patterns of response for this farm are similar to those of the other farms studied. However, differences in input ratios, value of land, degree of capital intensity and size of operation create some variation in the responses to inflation and tax provisions among typical farms.

The data were analyzed to detect interactions among inflation, taxation policies and farm characteristics as well as to determine the separate effects of differing tax provisions and rates of inflation on growth in farm size. The three general experiments, or alternatives to the base case, reported here relate to (a) initial tenure, (b) family consumption pattern, and (c) tax policy. Each of these

experiments was run for two rates of inflation, 6 and 12 percent. In all, 54 30-year simulations were run on each of the 20 typical farms. On each of the 1,080 runs, the first and thirtieth years data were recorded and compared. Tables were formulated and reported in the appendix showing starting values and increases over the thirty year simulation defined by rows for each of the nine experiments. Eight selected balance sheet variables are reported by columns. The appendix tables allow comparison within farms, among experiments and among farms. The following brief description of concepts and calculations underlying the balance sheet variables is included as an aid in interpreting these appendix tables.

Basic Comparison

The basic comparison model simulates 30 years of operation of a family farm under the tax laws in effect in 1981. The tax tables are indexed throughout the simulation and all currently available tax advantages such as interest payment write-offs, depreciation allowances and investment tax credits are allowed. Self-employment taxes are calculated using current projections in rates and with earning ceilings indexed to inflation. Consumption is assumed to remain at $12,600 in constant dollars. This scenario provides a basis for comparison of the increases in balance sheet variables with the other experiments. The

highest rates of growth and asset accumulation are to be expected in this experiment.

Initial Tenure Experiment

The initial tenure experiment tests the impact of different starting positions on the rates of growth in discounted net worth for typical family farms. Different initial ownership positions affect growth rates for all the farms studied. The rates of growth in discounted net worth appear to be correlated with the degree of initial leverage. The greatest rate of increase in net worth is for an initial full renter, primarily because of the low base value from which the growth rates are calculated. Both the full renters and the zero cash flow farmers under the basic case assumptions were able to gain partial ownership of an economic unit within the thirty-year growth horizon. The full renter consistently was able to remain in the lower tax brackets, while the full owner's growth rate was restricted by higher tax rates. The greater absolute increase in net worth and acres for the full owner supports the widely held view that the established owner-operator is in a position to outbid competitors for land.

Alternative Consumption Experiment

In this experiment the baseline case of constant minimum consumption levels regardless of income was modified

to allow consumption to increase with income. The consumption function used specified 70 percent of the cash flow surplus for additional family spending beyond the $12,600 minimum level. The implied marginal savings rate is 30 percent. Increased consumption reduced investment rates and annual cash flows, thus limiting the farmer's ability to service additional mortgages. This change had a greater effect on firm growth than any other changes from the baseline case. In most of the low-equity farms, increased consumption levels prevented growth beyond the initial family size. The dampening of growth would have been more pronounced with higher consumption had not lower federal taxes attended the high-consumption scenario due to lower net worth and the attendant reductions in income from equity. Because of space limitations, only selected results are presented here, but other data show large combined effects of consumption and tax policies on growth.

Alternative Tax Policy Experiments

Four tax policy alternatives illustrate the importance of various tax concessions to farm growth. The baseline situation was simulated with all available tax advantages in 1981 and then rerun with one tax advantage eliminated. The differing value distribution between real and nonreal estate assets among the typical farms influenced the sensitivities to changes in tax policies. Capital improvement-intensive

farms respond more to depreciation and investment tax credits, while land-oriented farms derive relatively more benefits from interest payment write-offs. Interest payment write-offs were extremely important for all farmers with expansion opportunities. Using this measure, the largest tax decrease resulted from indexing income tax rates. Removing any of the existing tax advantages would increase the effective income tax rates for farmers. Interest payment deductions appear to encourage expansion in acreage, while depreciation and investment tax credit benefits encourage the substitution of purchased capital for other inputs.

Use of Constant Dollar Values

Throughout the tabulated data, all financial results are reported in constant 1979 dollars. This allows easier comparisons between end values simulated with different inflation rates. Constant dollars place all values in common terms so the starting and ending values can be evaluated and consistent rates of growth determined.

Net Worth

Net worth is an indicator of ability to control assets, of accumulated buying power and financial progress. Net worth, the difference between the current value of all assets and total liabilities, is reported for the beginning

equities of the different starting positions and for the financial positions at the end of the 30 year simulation. The end values can be compared to the initial values as a measure of the size of the estate accumulated and the ability to start a family member in farming.

The compound rate of increase in discounted net worth for the 30 years is reported in Table IV and the Appendix tables to measure the relative impacts on structure of the various experiments. Table IV reports net worth values and rates of growth for 10 typical farming situations with assumed initial full ownership and 6 percent inflation. The initial equities range from $792,000 for the Missouri beef and hog farm to $1,975,000 for the Washington Palouse wheat farm with an average value for the 10 of $1,281,900. This is a fairly representative value for the equity required to control an economic unit in 1979 (Fawcett, forthcomming). The increases in equity over the thirty years reported for the Iowa baseline scenario estimates economic progress of a farm family under existing tax laws when personal family consumption is held constant at $12,600 annually. Thrifty, high-equity farmers do very well, as would be expected, with most recording a threefold increase in net worth over the 30-year simulation. The average constant dollar increase for the 10 farms under the base case was $2,795,600 for an ending net worth 3.11 times the initial value. The rates of growth in net worth ranged from 3.3 percent for the Iowa

TABLE IV

NET WORTH VALUES AND RATES OF GROWTH FOR FULL OWNERS AT 6% INFLATION

Farm	Initial Equity	Base Case	No Indexing	High Consumpt	No Interest	Limited Write-offs
	1979 Dollars (000)					
	Increase Over 30 Years					
OK	1,210	2,489 (3.9%)	1,968 (3.4%)	614 (1.5%)	981 (2.1%)	1,286 (2.5%)
IA	1,270	1,963 (3.3%)	1,437 (2.6%)	284 (0.7%)	876 (1.8%)	1,125 (2.2%)
MN	940	1,806 (3.8%)	1,713 (3.6%)	366 (1.2%)	881 (2.3%)	1,111 (2.7%)
IL	1,803	4,026 (4.2%)	3,335 (3.7)	1,218 (1.8%)	1,503 (2.1%)	1,925 (2.5%)
OH	940	2,697 (4.9%)	2,525 (4.7%)	726 (2.1%)	1,150 (2.8%)	1,507 (3.4%)
MO	792	1,526 (3.8%)	1,413 (3.6%)	259 (1.0%)	759 (2.3%)	975 (2.8%)
ND	1,123	2,708 (4.4%)	2,520 (4.2%)	235 (0.7%)	1,066 (2.3%)	1,368 (2.8%)
GA	991	2,235 (4.2%)	1,957 (3.8%)	269 (0.9%)	902 (2.3%)	1,169 (2.7%)
MT	1,775	2,922 (3.4%)	2,146 (2.8%)	1,034 (1.6%)	1,127 (1.7%)	1,434 (2.1%)
WA	1,975	5,584 (4.7%)	5,045 (4.5%)	1,674 (2.2%)	1,720 (2.2%)	2,113 (2.5%)

corn and hog farm to 4.9 percent for the Ohio soybean and winter wheat farm. Higher rates of growth are more easily achieved by farms with smaller initial equities and labor requirements. The higher growth rate reported for the Ohio farm reflects the underutilization of own labor on-farm and the availability of off-farm income to finance early growth, as well as the relatively higher impact of growth on its low initial equity. The average rate of growth in net worth for the group was 4.06 percent.

The results of the experiments run on each farming situation were consistent in rank of severity of impact. In every case, the higher personal family consumption decision truncated accumulation of net worth to the greatest extent. High-living farmers recorded increases in net worth ranging from $235,000 for the North Dakota spring wheat and potato farm to $1,674,000 for the Washington State Palouse winter wheat farm. The 10 farms averaged only a $667,900 increase for an ending total net worth 1.5 times the initial value, less than one-half the average increases for the constrained consumption cases. Rates of growth were correspondingly lower, averaging 1.37 percent.

Eliminating the interest payment deduction from taxable income created the second to the highest rank decrease in accumulated net worth. Without the interest payment income tax deduction, the increase in net worth reported for the Minnesota corn and beef feeding farm was $881,000. The

Illinois corn and soybean farm's value increased by $1,503,000. The average for the group was $1,096,000, or 1.85 times the initial net worth values, less than 60 percent of the increases for the base cases with this deduction allowed. Obviously, the interest payment deduction is an important tax concession for family farmers who use debt financing strategies for growth.

Placing a one million dollar limit on total tax write-offs over the life cycle of a family farm produced the third highest rank constraint in these simulations. Once again, all farm situations with a given initial tenure and inflation rate responded in like fashion. The Georgia peanut farm increased net worth by $1,169,000. The Montana winter wheat farm reported a $1,434,000 increase. As a group, these 10 farms averaged a $1,401,300 increase, a twofold increase in net worth over 30 years. This was two-thirds of the increase reported for the unlimited cases.

The least restrictive scenario tested was eliminating the rate schedule indexing of federal income taxes. Net worth increases for the group of farms averaged $2,405,900 for an end value 2.88 times the initial value. The aggressive farming situations modeled make extensive use of the tax codes to shield income from taxation. For this reason, the impact of tax rate schedule indexing is probably underestimated for the general public, but it may be quite accurate for farm businesses which aggressively pursue tax

avoidance. Net worth, as reported herein, includes machinery and improvement values as well as all other farm assets, so the pressure for more land, whose value makes up the greatest part of net worth on most of the farms, will be overestimated by the rates of growth reported herein. Discounted net worth values and growth rates provide the cornerstone for the analysis of the relative effects on growth in size and net worth of the various experiments and policy implications reported.

Sensitivity Analysis of Income Terms

The results reported rely heavily on the assumptions controlling the income streams of the family farming situations modeled. The impact on income and net worth of a change in factor price depends on the relative contribution of that factor to earnings. For example, a change in labor earnings has the greatest impact on farms which derive most of their earnings from labor. A look at the sensitivity of the growth rates to changes in assumed values is in order.

Annual income drives expansion and therefore the economic progress of the farm firms as measured by the accumulation of net worth. The primary components of annual income, as calculated within the model, are: equity returns, family labor earnings, and operator management

returns. Rerunning the simulations with variation introduced in these income determinants proved cumbersome and has been left as an interesting area for future research. However, the questions raised have been addressed using an ad hoc approach. The methodology employed requires a measure of the weight of each factor income and its relative importance to total income through time. Additional information on the directional effect of a change in a factor's return on total income is needed. Once the direction of the change, either positive or negative, and the relative weights or importance of the factor are determined, the sensitivity of growth rates in discounted net worth to changes in a factor over time can be described.

Estimates of rates of equity returns to investments in agricultural production vary widely depending primarily upon the levels of skill and luck which comprise successful management. Values above or below the 4 percent return assumed herein will respectively raise or lower the resulting incomes available for expansion.

The weights assigned to the equity return factor vary with initial tenure situation. The full ownership starters enjoy higher equity and would respond more to changes in equity returns than would low equity entrants and renters. All of the tenures have the potential for increasing net worth, if consumption is restrained, and thus an increase in equity return would create increases in income available for

growth over time. Policies increasing equity returns to agricultural investments would encourage growth at an increasing rate over time. A further effect could result from a disruption of the equilibrium between agricultural investments and alternative uses of capital. Upward pressure on prices of agriculture related investments could attend a situation of increased demand due to more favorable returns. This situation would work to the detriment of entry-level farmers as capital gains resulting from the capitalization of the increase in returns are awarded to existing asset holders.

Labor returns provided a more fruitful area for policy analysis targeted at family-sized farms. Each farming operation has 2,600 hours of labor to sell. The supply of operator and family labor does not vary with tenure situation. Over time, the factor weight of labor returns diminishes whenever economic progress occurs because labor returns comprise a larger proportion of total income in the early years of the simulation. This holds for all of the tenure situations considered. With labor supply constant, increases in labor earnings would result from increases in the farm wage rate. This research uses the conservative values for farm labor in constant value 1979 dollars reported in the federal enterprise data system (FEDS) data for each state. The values range from $3.04 per hour in South Carolina to $4.35 per hour in Washington and

California. Labor saving technology and the availability of high paying off-farm employment have resulted from infrastructure investments in many rural areas. The impact of investment in human resources to raise opportunity costs and payoffs for persons who do farm work has not been considered herein, but would be a useful area for additional work. As with other components of factor income, an increase in labor return would result in increases in income for expansion in the absence of increased consumption. Unlike the other factor returns considered, the relative weight of labor returns to total income decreases with firm growth, so policies designed to increase labor returns more effectively benefit entry-level and low equity farmers. This could speed early growth and development of financially viable farm units without corresponding benefits to well-established large farmers. Potential exists in this policy area for fostering and encouraging family farms.

A section on sensitivity analysis would be remiss without some quantitative measure of impacts on rates of increase in net worth to changes in the assigned values of the income determining varaibles. Determining the effect of a change in income on the 30 year rate of growth in net worth would require rerunning the simulation; however, a measure for the change in equity resulting from a change in income in a given year is feasible. Annual farm income is the sum of returns to equity, labor and management.

Mathematically, the incremental net worth effects can be derived from the annual income equation. Let quantity of labor be L, management M and equity E. With consumption held constant, the proportional additions to net worth, E from a single years income are:

$$dE/E = (Lpl + Mpm + Epe - C - T) / E$$

where: pl = hourly price of labor

pm = management return to $1 of net receipts

pe = returns to $1 of invested equity

T = tax increase on additional income

C = Consumption, assumed to be constant.

The rate of increase in net worth with respect to a 1 percent increase in, for example, pl or the elasticity of E with respect to pl is:

$$dE/E \; / dpl/pl = Lpl/E - @T/@pl(pl/E)$$

If the tax effect @T/@pl(pl/E) is small, as expected, then the impact of a change in pl on E is approximately Lpl/E, the ratio of labor returns to total equity. Similar results follow for changes in the other income determining variables.

Holding equity and management returns constant allows a look at the income elasticity of labor. If labor availability is fixed at 2600 hours, labor return will vary with the farm wage rate. The resulting change in income will, in the absence of increased consumption and taxes, increase net worth. The rate of increase in net worth with

respect to a given increase in the farm wage rate, or elasticity of net worth with respect to farm wage rates, is the total differential of the changes in the income equation responding to changes in labor earnings. Holding all other income terms constant, the resulting elasticities can be approximated by the ratio of the increases in labor earnings to total equity less leakages to taxation on the additional income. One can assume these tax leakages will be small for small changes in wage rates, so the resulting elasticity of growth in net worth with respect to labor earnings is approximated by the ratio of the change in earnings to total equity.

To clarify this, a few examples from the Oklahoma farm have been constructed. The magnitude of the response of net worth to increases in labor income depends largely on the existing equity. The equity base is important in that high wealth farmers respond less to a given change in equity than do low wealth farmers. In illustrating this point, the extreme cases of the full owner and full renter are used. A 1 percent increase in the hourly farm wage rate of $3.47 used on the Oklahoma farms would, for 2600 hours of available labor, result in an increase in annual income of $90. The elasticity for a full owner with $1,210,060 in net worth would be 90/1,210,060 or .00007. This same income increase for a full renter with $57,000 in initial net worth would be 90/57,000 resulting in an elasticity of .00158.

TABLE V

ELASTICITIES OF GROWTH IN NET WORTH WITH RESPECT TO INCOME TERMS

		Full Owner	Full Renter
Labor Return	Year 1	.00007	.00158
	Year 30	.00002	.00025
Management Return	Year 1	.0009	.0188
	Year 30	.0014	.0029
Equity Return	Year 1	.01	.01
	Year 30	.01	.01

Thus the response of equity growth to labor income is low, but is relatively greater for farmers with less equity. In addition, the assumption of no increases in taxation is less likely to hold for the high income farming situations, thus amplifying the differences in response. The response to changes will be dampened over time as the farmers make economic progress as evidenced by increases in net worth. After 30 years, the elasticity values for the two extreme cases would be smaller. The full owner's net worth would be $3,860,060 and the resulting elasticity would be .00002. After 30 years, the full renter reports a net worth of $364,000. A $90 increase in labor returns results in an elasticity value of .00025. Impacts of changes in farm

labor returns diminish over time for successful farmers of all size categories.

The income from operator management increases as farm size expands. The elasticity of E with respect to changes in the rate of management return, pm, is approximately Mpm/E. A 1 percent increase in the rate of management return, when applied to net receipts on the Oklahoma farm ($107,166) would increase income in one year by $1,071. The elasticity value for the Oklahoma full owner in year 1 would be 1,071/1,210,060 = .0009. In year 30, with net receipts of $531,364, the elasticity value would be 5,313/3,860,060 = .0014. For the full renter, the elasticity of equity with respect to management returns would be 1,071/57,000 = .0188 in year 1 and 1,071/364,000 = .0029 in year 30. Additional income late in the life cycle of a family farm helps established farmers to outbid less secure entrants for agricultural inputs, especially land. The simulation model uses a 7 percent return on net farm receipts (value added) for management returns. This value closely corresponds to the returns reported in the FEDS data.

The elasticity of accumulated equity with respect to changes in returns to equity for agricultural investments is Epe/E or .01. A one percent increase in the rate of return on equity raises the growth rate of equity be .01 percent.

One shortcoming of this constant return approach is the exclusion of economies (or diseconomies) of size. If

economies or diseconomies of size exert economic impacts on family farmers of the sizes studied herein, the effect would impact especially on operator management returns. Small farms could experience some diseconomies due to small-scale operation, inability to fully employ owned resources and lack of purchasing and selling benefits available to higher volume operators. Additional problems with timeliness could also be expected, especially for small specialty crop producers who can not afford to own the specific and often expensive equipment necessary for production. Diseconomies may also result from growth beyond family-sized (2,600 hour per year labor requirement) units, as management capabilities become over-extended and hired labor expenses increase.

Evidence available appears to show economies of size are fully exploited by medium-size farming operations ($41,000 to $76,000 gross income). Smaller operations may experience relatively higher per unit costs. Larger than mid-sized operations do not appear to enjoy any further technologic efficiency advantages nor face larger management inefficiencies. Miller (1981) concludes in a recent USDA study on economies of size in U .S. field cropping that economies of size have been realized by the smallest size of farms considered in this study and the range of growth considered does not give rise to marked economies or diseconomies of size.

Effects of Inflation

The effects of inflation on family farms fall into two major areas of varying impact: potential for leverage and rate of growth. The first, and by far most significant impact, is on the starting positions available to entry-level farmers faced with debt financing. Inflation increases borrowing expenses through higher interest rates and creates cash flow barriers to acquiring ownership of assets.

The initial equity and farm size of the zero cash flow farmer show the impact on farm ownership patterns resulting from an increase in inflation. The initial tenure positions were determined from the cash flow equation. For the zero-cash-flow starting position, the inflow and outflow equations were set equal and solved for the number of acres feasible to own with consistent down payment percentages. The result shows the maximum number of acres to which the operator can obtain title, subject to the constraints listed in the equations. Initial equity requirements vary with size of ownership. For the Oklahoma farm, the zero cash flow starting position for 6 and 12 percent inflation rates were 183 and 54 owned acres respectively. Higher borrowing expenses at 12 percent inflation severely limited the mortgage which can be carried by the income stream from a 960 acre farm. The beginning farmer is faced with a

significantly smaller land base from which to grow. To insure comparability, all tenure situations for a given farm use the same degree of financial leverage, 20 percent minimum equity. Each state's typical farmer operates the same number of acres, but with varying degrees of ownership control due to the differing debt service expense. The differences in land ownership result from variation in net cash flows and thus the ability to financially control the land operated. Remaining acres in the economic unit are rented.

The full-owner and full-renter's initial land ownership patterns are set by definition and thus are not varied in the experiments with inflation at 6 and 12 percent. However, the results for the zero cash flow start show the consequences of the smaller base resulting from the 12 percent inflation rate.

Tables VI and VII provide a data base for comparing the effects of inflation on growth in net worth for the Oklahoma farm. Table VI reports the results of the simulation run experiments at 6 percent inflation, Table VII details the results with 12 percent inflation in identical format. Each of the tenure situations studied (full ownership, zero cash flow, and full renter) reported consistent ranking of changes from the base case for the experiments. In all cases, the Oklahoma farm followed the pattern of growth reported for the 10 (6 percent full-ownership) farms shown

TABLE VI

NET WORTH VALUES AND RATES OF GROWTH (%) FOR OKLAHOMA FARMS WITH 6% INFLATION

	Full Owner	Zero Cash Flow 6%	Zero Cash Flow 12%	Full Renter
	Net Worth in 1979 Dollars (000)			
Value in Year 1:	1,210	68	100	57
Increase Over 30 Years:				
Basic Comparison	2,489 (3.9%)	416 (6.9%)	460 (6.1%)	392 (7.3%)
W/O Indexing	1,968 (3.4%)	406 (6.8%)	427 (5.9%)	390 (7.3%)
W/ Higher consumption	614 (1.5%)	80 (2.7%)	165 (3.4%)	39 (1.9%)
W/O Interest Write-off	981 (2.1%)	271 (5.6%)	267 (4.6%)	269 (6.2%)
W/O Depreciation Allowance	1,621 (3.0%)	194 (4.7%)	245 (4.4%)	181 (5.1%)
W/O Investment Tax Credit	2,287 (3.7%)	402 (6.8%)	423 (5.9%)	379 (7.2%)
W/ Tax Write-offs Limited	1,286 (2.5%)	358 (6.4%)	391 (5.6%)	346 (7.0%)

earlier in Table IV. Doubling the rate of inflation did not affect the ranking of the experiment's impacts. Increasing inflation did change the end values for the simulation runs. In every case, the direction of change in net worth was consistent for all experiments within a given tenure, however direction of change varied for different tenures. Both the zero cash flow and full renter situations lost financial ground with increases in inflation while the full owners reported slight net worth gains due to the economic strength afforded by the full ownership starting position.

The ending net worth reported for the zero cash flow basic comparison on the Oklahoma farm increased over the simulation run at 6 percent inflation by $460,000 and by $303,000 at 12 percent inflation. The net worth increases reported for the full renter were $392,000 at 6 percent inflation and $306,000 at 12 percent inflation. Increased inflation holds no benefits for these farming situations. In contrast, the full owner reported increases in net worth of $2,489,000 with 6 percent inflation and an increase of $2,650,000 with 12 percent inflation. The full-owner is in a better position to insulate his assets from the pernicious effects of inflation.

Inflation has increased the cost of controlling an economic farming unit (defined as a farm providing full-time labor for a farm family) to the point where a full-time owner-operator must be a high wealth individual to enter and

TABLE VII

NET WORTH VALUES AND RATES OF GROWTH (%) FOR OKLAHOMA FARMS WITH 12% INFLATION

	Full Owner	Zero Cash Flow	Full Renter
	Net Worth in 1979 Dollars (000)		
Value in Year 1:	1,210	68	57
Increase Over 30 Years:			
Basic Comparison	2,650 (4.1%)	303 (6.0%)	306 (6.5%)
W/O Indexing	2,206 (3.6%)	295 (5.9%)	301 (6.5%)
W/ Higher consumption	615 (1.5%)	60 (2.3%)	19 (1.1%)
W/O Interest Write-off	1,082 (2.2%)	250 (5.5%)	255 (6.0%)
W/O Depreciation Allowance	1,922 (3.3%)	201 (4.9%)	174 (5.0%)
W/O Investment Tax Credit	2,458 (3.9%)	300 (6.0%)	291 (6.4%)
W/ Tax Write-offs Limited	1,355 (2.6%)	277 (5.8%)	279 (6.3%)

survive in farming. Real wealth gains to agricultural asset holders have increased the value of typical farming units. The initial values of the economic units reported in the FEDS typical farm series for 1979 ranged from $600,000 to over $4,000,000 with the average value for the twenty farms studied being $1,688,728. The higher inflation rate increases equity requirements and thus reduces the ownership position of a family-size unit with a given net worth. For highly leveraged farmers, cash flow available in the first year limits the farmers' ability to service mortgages and thus the potential for ownership of the farming unit. The reduction in owned acres resulting from a change from 6 to 12 percent inflation ranges from 40 to 60 percent among farms studied, depending upon the price of land. Higher priced land shows the greatest reduction.

The second impact of inflation on growth in size of family farms is the effect on the rate of growth. The inflation experiment compared the balance sheet values recorded for simulation runs using 6 and 12 percent inflation rates. The data show the rates of growth differ for the three tenure situations under different assumed inflation rates (See Tables VI and VII for the Oklahoma results and Appendix Tables for the other 19 states). The full owner reports the only positive, though very small, change in growth rate with higher inflation. For the Oklahoma full owner, the ending net worth is slightly higher

at 12 percent inflation with an overall change in rate of growth of +.2 percent. This resulted in 216 more full-equity acres and a somewhat lower overall rate of taxation due to larger deductions for interest. The full renter reported a lower net worth at 12 percent inflation for all experiments. The rate of growth in net worth for full renters using the basic comparison model with identical starting equities under 6 and 12 percent inflation rates were 7.3 and 6.5 percent respectively. The Oklahoma full renter ended the simulation with 26 more full-equity acres and 214 more mortgaged acres at 6 percent inflation. There was little effect due to taxes because this tenure situation generates low taxable incomes under the growth scenario modeled. The results for the zero cash flow starts show the consequences of the smaller base resulting from the more costly debt service of the 12 percent case. Because the 6 and 12 percent zero cash flow starting positions do not have identical initial equities like the full owner and full renter, a standardized case for the partial equity farmer was developed using the lower equity and smaller starting acreages of the 12 percent zero cash flow situation. This most restrictive starting position was viable from a cash flow standpoint for both 6 and 12 percent inflation rates and allowed a better measure of the impacts of differing rates of inflation on minimum equity farmers. This situation utilizes identical starts at both inflation rates,

with 14 acres fully owned, 40 acres under mortgage control and $68,449 in initial net worth. Increasing inflation from 6 to 12 percent decreases the rate of growth in net worth from 6.9 to 6.0 percent. The ending acreage under ownership control was slightly higher in every experiment with the lower rate of inflation. In addition, inflation appears to have little impact on rates of growth reported for the tax policy experiments tested. The data show decreases due to higher inflation for the zero cash flow and full renter situations. Only the full owner, of all the tenure situations considered for Oklahoma, reported a higher ending net worth at 12 percent inflation with an increase in the rate of growth of +.2 percent. Apparently, even the farmers fortunate enough to benefit from inflation reap only small gains.

Results of the Tax Experiments

The full owner faces a significant reduction in growth in the experiment run without tax indexing. In this case, as inflation changes from 6 to 12 percent, the rate of growth in discounted net worth decreases from 3.4 to 1.5 percent. The experiment with increased consumption shows corresponding rates of growth, on the order of 1.5 percent, for both rates of inflation. Of the tax write-off experiments, similar effects on net worth were noted for 6 and 12 percent inflation with the elimination of the

interest payment deduction having the most marked effect on expansion. The experiments limiting write-offs by wealth (less than $500,000 in net worth) and income (less than $36,000 in factor income) resulted in nearly identical growth rates for 6 and 12 percent inflation. The limit triggered by accumulated wealth was encountered more often than the income limit due to the reductions in net income resulting from aggressive leveraged expansion effectively circumventing the limit triggers. The full owner starting positions exceeded the net worth limit ($500,000) in all the fully owned farms.

The zero cash flow beginning position reported similar rates of growth over 30 years, approximately 6.1%, for all twenty typical farms. The zero cash flow farmers increased their ownership but not their size of operation over the course of the simulation. Tax indexing was more important for the 12 percent inflation case, but resulted in a lower increase in net worth due to the more restrictive starting position even though both inflation rates returned identical rates of growth of 5.9 percent per year. Higher consumption slowed growth in the 12 percent case to a greater extent than in the 6 percent inflation experiment with rates of growth 2.3 percent and 3.4 percent per year respectively. This probably results from the higher increases in living expense ($12,600 in constant dollar terms) at 12 percent inflation. In all cases tested, the assumption of a higher

consumption level was the most severe restriction on growth of any situation tested. Low tax liabilities eliminated much of the significance of the tax limit experiments. On the Oklahoma farm, as with most of the zero cash flow starts, only the 12 percent inflation simulations encountered the one million dollar limit which triggers an end to additional tax write-offs and deductions.

Inflationary effects on the full renter are apparent only in rates of growth and not in initial positions because the 6 and 12 percent inflation rates used identical starting positions. The basic comparison showed a slower rate of growth for the full renter under the assumption of 12 percent inflation than for 6 percent, with rates of growth on the Oklahoma farm of 6.5 and 7.3 percent respectively. Similar decreases occured in the other experiments. In all cases, the full-renter was not able to expand beyond the family size due primarily to the low initial net worth and the high asset requirements of an economic family-sized unit. The tax experiments showed small decreases in growth rates when compared to the base case, however the depreciation allowance was of greater importance due to the large proportion of net worth concentrated in machinery.

The depreciation tax benefit has less impact on the expansion of the land-dominated farms studied; however, the highly mechanized, capital-intensive farms grew at rapid rates due to the depreciation allowance. The net effect

over the long run was to encourage the use of capital relative to labor, thus exacerbating the trend to increased size and reduced numbers of farms.

Investment tax credit concessions benefited all farms, with capital-intensive farms benefiting proportionally more than the land-intensive farms. Each farm in the study was able to increase its growth rate due to the combination of tax benefits presently available. Growth rates were also found to be highly sensitive to savings rates. Indexed income tax rates were extremely beneficial to all farmers. In every case, the effective tax rate in the thirtieth year was decreased by indexing. With the 6 percent inflation rate results reported here, farmers were able to use the existing tax provisions effectively, thus reducing the severity of nonindexed income tax rates. With the 12 percent inflation rate, options to avert very high (maximum) tax rates are diminished in the non-indexed cases.

Interactive Effects of Inflation and Taxes

The data show several parallel and/or cummulative effects on taxes paid by farmers resulting from increases in inflation and changes in the calculation of deductions. In general, inflation makes tax deductions more important to growth in size of typical family farms. Even with indexing of tax rates as provided in the 1981 tax legislation and

used herein, growth in farm size and net worth results in higher factor incomes and thus higher tax rates. The progressivity of the tax code is not evaded by indexing. Indexing and deductions are only of value when taxable factor income is great enough to require a tax payment. In many of the low-equity and full-renter scenarios, incomes were low enough, especially after deductions, to result in a zero effective taxation rate. For these situations, removal of excess deductions had no effect on growth. This occured more frequently at the higher inflation rates where the small starting basis limits incomes. With indexing, tax revenues appear to decrease for higher inflation rates.

Inflation appears to favor farming units with sufficient equity positions to weather cash flow squeezes. Higher inflation increases the cash shortfalls in the early years of the simulation, but decreases the time to "break even". Once the early deficit years are passed, large increases in income are available to fuel future growth. In the absence of progressive income tax rates, high levels of inflation would encourage large increases in farm sizes, especially for high equity owner-operators. Federal income tax provisions and the limitations tested in this study influence cash flows available for expansion and, depending on the tax bracket and concession, affect the growth rates of farms. The interaction between inflation and taxation, while dampened by the tax schedules, appears to be a major

force changing farm organization, composition and structure. The high income needed to realize large benefits from interest payment write-offs was met by the typical family operated economic units considered. These family farms are sufficiently capital intensive to realize sizable benefits from depreciation allowances and investment tax credits. All of these tax benefits require high income and/or wealth available for investment.

Capitalization of these tax benefits into the prices of agricultural inputs has placed low income, entry-level farmers at a severe disadvantage. Expansion of farm size as depicted by growth in typical farms shown herein means fewer farms, although changes in size and numbers as depicted by the deterministic model are exaggerated estimates of actual changes in the real world because simulated growth tends to be at maximum levels unconstrained by risk, high consumption levels, competition among buyers for land, and other such factors.

Opportunity for Farm Continuance Under Estate Tax Regulations

Farm estate transfers are a major concern for family farmers. A family farm operation usually relies upon labor and capital from more than one generation, so intergenerational transfer of the farming operation is a necessary condition for farm continuance. In this study,

the ending values after the 30-year simulation provide a measure of the value which would be subject to estate taxation. The initial values reported for the start of the simulation provide a basis for answering the question: can a second-generation family member be started in farming with an after estate tax equity equal to or greater than that of the deceased farmer when he began a generation earlier?

To answer this question, Table VIII has been constructed allowing generalized transfer values to be determined from the ending equity reported for the simulation runs, given the number of heirs involved in the estate. The values in the tables were calculated using the 1981 estate tax rates and exemptions. A provision for the surviving spouse has been made by deducting the value of an annuity, $82,222 in 1979, which would, when added to social security benefits provide a $12,600 annual income. The remainder of the estate is assumed to transfer equally to the heirs in the next generation.

Using the Oklahoma typical farm 6 percent baseline cases, for example, the use of this table can be demonstrated. The full owner begins farming with a net worth of $1,210,060 and amasses $2,489,918 over the 30 years of the simulation for an ending net worth of $3,699,979. The value of estate transferred to each of the two heirs assumed throughout the simulation model would be slightly more than $933,239. Compared to the $1,210,060 initial net

worth, this value of estate transferred would allow each heir to control a nearly fully-owned economic unit. Of course, technologic progress and increases in real median family income over a generation could increase the cost of a fully-owned economic farming unit substantially, but at least one heir would be able to control a fully-owned family farm equivalent to the original unit. It may be contended that from a political or social standpoint it is not reasonable to expect family farms to be transferred with full ownership equity between generations. Aside from the "equity" considerations of estate transfers, one important effect of progressive estate tax rates is on the propensities to save for future generations at the expense of current consumption. As the sacrifices required to achieve a full ownership transfer increase, farm families may abandon this goal.

The experiment allowing increases in family consumption demonstrates the potential impact on the next generation of farmers from changes in propensities to save by today's farmers. The spending patterns modeled in the high consumption experiment probably more closely duplicate actual investment behavior among farm families and thus serves to illustrate the potential for family farm transfer under current tax laws. The "high" consumption simulation for an Oklahoma full owner begins in 1979 with $1,210,060 and adds $614,000 to net worth over 30 years. The

TABLE VIII

VALUE TRANSFERRED AFTER ESTATE TAXES AND PROVISION FOR SPOUSE IN 1979 DOLLARS

Ending Equity	Value Transferred			
	Number of Heirs			
	1	2	3	4
400,000	317,778	158,889	105,926	79,444
450,000	367,778	183,889	122,592	91,994
500,000	417,778	208,889	139,259	104,444
550,000	467,778	233,889	155,426	116,944
600,000	504,778	252,389	168,259	126,194
700,000	578,978	289,489	192,992	144,794
800,000	646,978	323,489	215,658	161,744
1,050,000	811,978	405,989	270,659	202,994
1,300,000	969,478	484,739	323,159	242,369
1,550,000	1,121,978	560,989	373,992	280,494
1,900,000	1,379,478	689,739	459,826	344,869
2,050,000	1,411,978	705,989	470,659	352,994
2,550,000	1,636,978	818,489	545,659	409,244
3,050,000	1,759,978	879,989	586,659	439,994
3,550,000	1,866,478	933,239	622,159	466,619

$1,824,060 estate allows two next generation heirs $689,739 in equity to begin farming. This is 57% of the original family farm equity. To insure full equity in an economic unit for even one heir would require a life-long committment to this goal and the severe restrictions on family consumption assumed in the baseline simulation. Another alternative is for each of two heirs with 50 percent equity to marry spouses with similar equity contributions, thereby perpetuating "full-owner" farms. However, transfer of large equity may encourage formation of larger than family farms.

The minimum equity starting tenure position (zero cash flow) farmer in Oklahoma, faced with 6 percent inflation, begins with $100,493 in net worth and accumulates $460,015 over 30 years. The ending net worth of $560,508 would allow an estate transfer of more than $233,889 to each of two heirs. This is sufficient equity for each heir to enter farming with an equity more than twice as great as that of the original farm. Under the "high" consumption scenario, where only 30 percent of available income is saved, the ending net worth is $265,654. After tax transfers to two heirs would be $91,716 or 90 percent of the original farm equity.

The full renter in Oklahoma enters farming with a net worth of $57,729 and amasses $392,537 during the 30 year tenure. The resulting net worth of $450,266 would allow two

heirs an $183,889 estate each. This is three times the beginning equity of the original farming unit. Under the "high" consumption scenario, the ending net worth is $96,766. After provision for the surviving spouse, and no estate tax liability, $14,544 remains for the heirs.

Initial ownership is the most important determinant of value transferred. All of the tenure situations under the assumptions of the baseline case allow continuance and even upgrading or expansion of the original farming unit. The higher consumption experiments compromise the ability of future generations to enjoy similar entering net worth positions.

CHAPTER VII

SUMMARY AND CONCLUSIONS

This study develops and applies a model for evaluating selected federal policies as they affect the growth in size of typical family farms. The ability of a farm firm to grow under various assumed scenarios of inflation, initial ownership and tax policies was modeled using a deterministic computer simulation and the results reported.

The specific federal policies examined in this study include tax regulations determining credits for investment, allowances for depreciation of capital assets, deductability of interest expenses and the indexing of taxation rate schedules. Each of these tax policies has been related to two rates of national inflation.

Inflation is considered to be a policy variable and has been linked to the cash flow problem of farms. The benefits and costs associated with land purchases and farm operation in inflationary times were found to be unevenly distributed. Early periods of cash deficits decrease the ownership accessability of farms for low wealth entrants and marginal existing farmers. Later periods of cash surplus allow those farmers who survive to outbid potential would-be farmers for land.

The inflation rate was found to have a greater impact on structure of farming by restricting ownership by beginning operators more than it restricted the rate of growth in net worth.

Inflation induced increases in equity requirements and cash flow problems have encouraged new strategies for beginning and continuing in farming. External financing, off-farm employment, and renting land to control an economic-sized farming unit have become popular ways to cope with inflated land prices and high mortgage rates. The study reports results for three tenure situations which bracket the typical ownership position. The extreme cases of the full unencumbered owner and the non-land owning full renter are supplemented by a minimum equity combination of mortgaged ownership and land rental strategies. Supplemental income from off-farm jobs has been incorporated on the smaller than full-time farming operations.

Termination of favorable tax treatment would mean trauma to a financially weak owner who purchased farmland with expectations of continuing tax benefits. Of the tax experiments, interest payment write-offs had the greatest effect on rates of farm growth by subsidizing leveraged purchases of land, thus accelerating the trend toward fewer and larger farms. Higher growth rates permitted by utilization of federal income tax provisions increase competition for land which would crowd out some existing

farmers. The established full owner is in the best position to compete for land, but progressive tax rates appear to diminish this advantage. Limitations on tax concessions such as interest payment write-off and depreciation allowances to set dollar amounts (as investment tax credits are now limited) prevent continuing inflation and tax policies from encouraging super farms to grow ever larger.

This study illustrates that substantial real capital gains can be expected for farmers oriented to expansion at the expense of current consumption. Each farm's operation begins with control (tenancy or ownership) of a typical commercial farming unit, with growth measured by accumulation of owned land, first by purchasing formerly rented acres and then by expanding the size of operation beyond the initial family size. The conclusion that cash flow rather than equity is the limiting factor in firm growth is consistent with previous analysis emphasizing the contribution of inflation to the cash flow problem.

All of the above mentioned situations were simulated to determine how inflation and tax policies can influence the composition, growth and size of family farms. Conclusions can be drawn based on these results, recognizing the inherent limitation of the model concerning the structural and economic consequences for future family farms of continuing or abandoning these policies individually or in total.

Areas for Further Research and Model Development

The model for evaluating impacts of selected federal fiscal-monetary policies developed for the research incorporates several simplifying assumptions and computational shortcuts which give rise to inherent limitations. With regard to the model itself, several areas for improvement are possible. The limitations imposed by a deterministic approach to annual income and expense streams could be reduced through stochasticising prices and yields, thus introducing variation in the management and equity returns more in keeping with the real world situation faced by family farmers throughout their careers. This would serve to introduce risk and uncertainty factors into the growth analysis and provide information on survival for the minimum equity positions modeled herein.

Considering risk and uncertainty will serve to amplify another shortcomming of the model, namely failure to provide for the "mining" of equity. The ability to survive the inevitable shortfalls in income due to variation in prices and yields, while maintaining comparable leveraged starting positions, would require provision for refinancing capital gains. In the deterministic farmework used herein, certainty in income streams allows ideal conditions for decision-making which would be lost in a stocastic

simulation. Provision for mining of equity would minimize survival problems and provide information more in keeping with existing real world conditions. Without tapping capital gains, the model simulates only extreme conditions for survival. The extreme case problem also exists with respect to the assumed coefficients of the components of income. Constant rates of return to management and equity do not provide for economies or diseconomies of size resulting from firm growth.

The model employed is a disequilibrium model. No provision is made for decapitalizing the values of tax benefits from agricultural land when the model is run with the benefit eliminated or reduced. This could result in over estimating the price of land in certain experiments, but insures comparability between experiments. Another limitation imposed by the model results from the use of discrete or fixed assumptions, for example constant consumption. While using discrete policy assumptions insures comparability between farms in different states because none of the variation is due to differences in consumption, the procedure also reports maximum rather than most likely growth rates. The "with or without" approach to policy variables also tends to distort the resulting rates of growth and the implications for structural changes in agriculture. More information on the effects of inflation, such as the effect of unanticipated increases or decreases

in interest rates on financial growth and liquidity constraints would be desireable.

Conclusions

The efforts of this study have produced a model for evaluating the impact of federal fiscal-monetary policies on the economic structure of typical family farms. A data base has been developed for the set of FEDS typical farms. An initial framework has been provided upon which future researchers may build.

Inflation may influence the structure of agriculture through entry conditions and rates of growth. Growth rate responses to inflation were found to be small, while entry condition responses were large. Impacts can be divided into direct and indirect effects. Inflation directly effects mortgage rates and agricultural input prices, especially land, as evidenced by cash-flow problems for highly leveraged farmers. Cash flow limitations influence the composition of farms by reducing the set of possible ownership positions available to an entrant with a given equity. Smaller starting positions compromise the potential end-of-career opportunities for family farmers. Growth, which must be financed out of internalized savings, is restrained by cash flow in the early deficit years and fueled by cash surpluses in the later years. A pattern of slow initial growth followed by rapid expansion late in the

career of a family farmer developed. The hypothesis that inflationary policies provide benefits to large established farmers who are able to meet the cash demands and thus avoid the cash flow problem appears to hold within the context of the model. The direct effect of inflation on growth in size of this set of typical family farms was found to be concentrated on starting positions and equity requirements. Only slight changes in the rate of growth were recorded for simulations run with assumed inflation rates of 6 versus 12 percent.

The indirect effects of inflation gain importance over time. These primarily impact farm composition through the tax codes. Higher tax liabilities increase the value of available tax deductions, thus distorting the costs of sheltered inputs. Tax benefits in the form of deductions for depreciation and interest, and direct credits appear to have encouraged the use of capital in agricultural production. Debt financing of expansion and technologic improvements has given rise to substitution of capital for labor. Increasing capital intensity may be exerting upward pressure on the size of farms. Another subtle incentive for expansion of farming operations may arise from income pressures stemming from real wage gains in the manufacturing sector. As urban families real income increases, farmers strive to keep up by expanding their farms as a means to increase income.

Inflation changes the conditions for the survival of family farms. Entry to farming is affected by decreased debt capital that can be serviced with a given cash flow. The liquidity of a farm business is affected throughout it's tenure in farming and the exit conditions are affected by estate taxation. Inflation increases the nominal cost of agricultural land. During periods of inflation, if estate taxes are not indexed or adjusted, real tax burdens increase. This study reports increasing net worth values for typical farms with the effects of inflation minimized through the use of indexed tax rates and constant dollars. Applying these values to current tax schedules may underestimate actual tax burdens unless estate tax rates are indexed. Regardless of inflation, the growing real asset requirements for an economic farming unit will tend to increase estate tax burdens for family farmers, especially those with high equities. As mortgage expenses increase, the income generating potential of the farm unit to meet these financial obligations is stressed. The result is a cash flow problem for any farmer subject to the higher interest rates. Increases in inflation rates also create wind fall gains for earlier investors insulated from the costs of inflation, either through favorable fixed-rate mortgages serving to transfer the costs of inflation from debtors to lenders, or through high-equity ownership positions resulting from capital gains or previously retired mortgages.

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APPENDIX

Guide to the Appendix Tables

The next five sections present a brief description of the data headings in the appendix tables. The discussion is intended to facilitate interpretation of the large amount of data presented in these appendix tables of the balance sheet variables for the simulation runs. The results are grouped by typical farm and inflation rate. Subsections tabulate the outcomes by initial tenure position with individual entries for increases over 30 years for each of the nine experiments as well as the values in year 1.

Factor Income

Factor income reported herein is net return awarded to all factors (labor, management and equity) contributed to production by the farm operator and family less principal payments on indebtedness. This variable shows the earning power associated with the different initial tenures. One note of caution is necessary because the increase in factor income reported is greater when fewer purchases are made late in the simulation due to the effects of interest charges on the net factor income awarded to land. Negative changes over the thirty years indicate a reduction in real (constant dollar) earning power. These reductions in income occur mostly in the higher consumption experiments.

Taxes Paid

Columns for taxes paid report the initial year federal income and self-employment taxes paid and the increases or decreases in thirty years. This balance sheet variable shows the value of indexing taxes and the decreases in taxation available to farmers who are financially able to grow actively. In many cases, especially the zero cash flow farms, taxes are eliminated through use of deductions and credits. The model assumes that the owner-operator will not contribute to social security unless his income forces his participation. Tax liabilities can be misleading due to the wide variability that attend high interest payment deductions resulting from recent purchases. For this reason, the average increases reported for the thirty years may give a more representative measure of typical tax liabilities faced by the different farming situations and experiments. Limitations on write-offs cause significant increases in tax liabilities for financially secure operators, especially at the 12 percent inflation level where these write-off limits are encountered earlier in the 30 year period. With indexing of tax rates, the higher inflation rate reduces tax payments for most of the situations studied.

Residual Income

The tables report residual income as after-tax factor income in constant 1979 dollars. This measure of disposable income is personal income less tax payments. In most cases the farmer is able to double his initial value of residual income through savings-investment after 30 years. This doubling increases the rate at which growth occurs in the later years of the simulation. In the experiment without indexed taxes, where the progressively graduated tax rates have a large effect, savings and investment increase, thus limiting growth in later years. Consumption has a major influence over residual income, especially in the later years when high consumption reduces equity base and factor income.

Owned Assets

The column of data reported as owned assets measures the value of assets controlled under the various tenure situations and the increases over the 30 year simulation. The difference between owned assets and net worth reveals the value of mortgages outstanding for each of the situations reported. The higher inflation rate produces a significant reduction in the value of owned assets for the zero cash flow and full renter cases, but has little effect on the full owner due to tax benefits.

Operated, Full-Equity and Mortgaged Acres

The section of the tables reporting acreages accumulated during the simulation give a measure of the changes in size of farming operations for the different initial tenure situations and the experiments. The values of full-equity and mortgaged acres are calculated from financial data and the current value of land. The columns are set up to enable the calculation of rented acres (not reported) as the difference between acres operated, acres owned with full equity and acres controlled via mortgages.

The degree of leverage and variability in capital gains due to different times of purchase make these results less reliable than discounted net worth for analyzing the effects of the experiments on firm growth. These data do give a very graphic measure of the pressure for land exerted by the different tenure positions and other assumed conditions. For example, the Oklahoma full owner acquires 3,800 additional acres during the 30 year baseline scenario, while the zero cash flow farm makes no purchases.

TABLE IX

RESULTS OF SIMULATION RUNS AT 6% FOR THE OKLAHOMA TYPICAL FARM

STATE NAME: OKLAHOMA
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	RESIDUAL INCOME	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	63743.	16170.	47573.	1210060.	1210060.	960.	960.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	66359.	12602.	51743.	2489919.	3699817.	3800.	421.	3379.
	12823.*	-6279.*	17277.*	(3.9%)				
W/O TAX INDEXING	68243.	41399.	24830.	1968301.	2561422.	2640.	330.	2310.
	15546.*	4943.*	8779.*	(3.4%)				
W/HIGHER CONSUMPTION	20973.	5433.	13526.	614713.	762055.	880.	121.	759.
	4834.*	-2761.*	5770.*	(1.5%)				
W/O INTEREST WRITE-OFF	30911.	26217.	2679.	981828.	1349773.	1480.	203.	1277.
	7912.*	16504.*	-10416.*	(2.1%)				
W/O DEPRECIATION ALLOWANCE	54163.	28979.	23170.	1621082.	2149972.	2240.	267.	1973.
	12072.*	4006.*	6241.*	(3.0%)				
W/O INVESTMENT TAX CREDIT	62500.	15722.	46644.	2287734.	3363967.	3480.	387.	3093.
	12515.*	-3811.*	14502.*	(3.7%)				
W/TAX WRITE-OFFS LIMITED TO 1M	77929.	32870.	43045.	1286998.	1642114.	1760.	97.	1663.
	46232.*	16666.*	27742.*	(2.5%)				
W/WRITE-OFFS TRUNCATED BY WEALTH	64026.	26217.	35794.	981828.	1349773.	1480.	203.	1277.
	44418.*	16504.*	26090.*	(2.1%)				
W/WRITE-OFFS TRUNCATED BY INCOME	46386.	26217.	18155.	982818.	1349854.	1520.	203.	1317.
	2597.*	16502.*	-15729.*	(2.1%)				
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	13784.	312.	13472.	100493.	242744.	960.	46.	137.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	13410.	-312.	12743.	460015.	601073.	-0.	96.	544.
	7253.*	-312.*	6848.*	(6.1%)				
W/O TAX INDEXING	15846.	3444.	11131.	427582.	475372.	-0.	92.	428.
	7638.*	336.*	6540.*	(5.9%)				
W/HIGHER CONSUMPTION	9898.	250.	8514.	165161.	36283.	-0.	8.	32.
	6869.*	-217.*	6240.*	(3.4%)				
W/O INTEREST WRITE-OFF	11719.	1454.	8386.	267891.	229119.	-0.	48.	192.
	7121.*	277.*	5310.*	(4.6%)				
W/O DEPRECIATION ALLOWANCE	12681.	3207.	7439.	245803.	152439.	-0.	32.	129.
	7121.*	1309.*	4189.*	(4.4%)				
W/O INVESTMENT TAX CREDIT	13749.	1046.	13472.	423785.	516944.	-0.	92.	468.
	7371.*	177.*	6448.*	(5.9%)				
W/TAX WRITE-OFFS LIMITED TO 1M	28977.	4151.	22812.	391167.	392224.	-0.	71.	329.
	11843.*	844.*	9965.*	(5.6%)				
W/WRITE-OFFS TRUNCATED BY WEALTH	18473.	402.	16682.	458393.	599810.	-0.	92.	508.
	7518.*	-283.*	7062.*	(6.1%)				
W/WRITE-OFFS TRUNCATED BY INCOME	26566.	3511.	21041.	382289.	359032.	-0.	71.	329.
	11969.*	825.*	10050.*	(5.6%)				
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	18930.	729.	18201.	57729.	57729.	960.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	6150.	-729.	6102.	392537.	636334.	-0.	112.	568.
	1469.*	-729.*	1599.*	(7.3%)				
W/O TAX INDEXING	5999.	-330.	5565.	390262.	635734.	-0.	106.	534.
	1457.*	-662.*	1521.*	(7.3%)				
W/HIGHER CONSUMPTION	-2055.	-729.	-1877.	39037.	65043.	-0.	16.	64.
	-940.*	-729.*	-826.*	(1.9%)				
W/O INTEREST WRITE-OFF	5405.	1388.	2240.	269927.	389589.	-0.	74.	326.
	1424.*	112.*	-63.*	(6.2%)				
W/O DEPRECIATION ALLOWANCE	3772.	538.	1396.	181621.	231155.	-0.	45.	195.
	629.*	-633.*	-262.*	(5.1%)				
W/O INVESTMENT TAX CREDIT	6736.	-194.	17880.	379568.	594779.	-0.	107.	533.
	1489.*	-822.*	1705.*	(7.3%)				
W/TAX WRITE-OFFS LIMITED TO 1M	20147.	2206.	15927.	346225.	479339.	-0.	92.	428.
	5094.*	-55.*	4241.*	(7.0%)				
W/WRITE-OFFS TRUNCATED BY WEALTH	6150.	-729.	6102.	392537.	636334.	-0.	112.	568.
	1469.*	-729.*	1599.*	(7.3%)				
W/WRITE-OFFS TRUNCATED BY INCOME	17805.	2206.	13585.	344624.	474423.	-0.	92.	428.
	5412.*	-21.*	4499.*	(6.9%)				

TABLE X

RESULTS OF SIMULATION RUNS AT 12% FOR THE OKLAHOMA TYPICAL FARM

STATE NAME: OKLAHOMA
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	RESIDUAL INCOME	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	63743.	16050.	47693.	1212296.	1212296.	960.	960.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	30945. -5950.*	-5617. -12501.*	36154. 5668.*	3650076. (4.1%)	3566305.	3760.	637.	3123.
W/O TAX INDEXING	19333. -1813.*	-16050. -3767.*	34975. 1069.*	2206480. (3.6%)	3027997.	3280.	573.	2707.
W/HIGHER CONSUMPTION	11485. -1180.*	217. -4989.*	10959. 2925.*	615322. (1.5%)	774142.	880.	176.	704.
W/O INTEREST WRITE-OFF	21076. -623.*	26639. 14050.*	-5971. -15557.*	1082388. (2.2%)	1375885.	1520.	274.	1246.
W/O DEPRECIATION ALLOWANCE	34445. -2203.*	16642. -3483.*	17395. 401.*	1922771. (3.3%)	2471410.	2640.	451.	2189.
W/O INVESTMENT TAX CREDIT	28411. -4568.*	-2277. -9962.*	46764. 4510.*	2458117. (3.9%)	3311797.	3480.	611.	2869.
W/TAX WRITE-OFFS LIMITED TO 1N	79003. 36813.*	33303. 13061.*	45292. 22968.*	1355486. (2.6%)	1667296.	1840.	316.	1524.
W/WRITE-OFFS TRUNCATED BY WEALTH	65100. 39051.*	26639. 14050.*	38053. 24116.*	1082388. (2.2%)	1375885.	1520.	274.	1246.
W/WRITE-OFFS TRUNCATED BY INCOME	-5525. 2314.*	26639. 14043.*	-32572. -12612.*	1085630. (2.2%)	1376174.	1560.	285.	1275.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	14928.	405.	14523.	68449.	110192.	960.	14.	40.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	5273. 2272.*	-405. -405.*	5270. 2224.*	303185. (6.0%)	361104.	-0.	80.	320.
W/O TAX INDEXING	4081. 2400.*	89. -260.*	3584. 2200.*	295585. (5.9%)	361452.	-0.	72.	288.
W/HIGHER CONSUMPTION	3117. 2970.*	-405. -405.*	3114. 2789.*	60704. (2.3%)	27070.	-0.	8.	32.
W/O INTEREST WRITE-OFF	5527. 2580.*	1089. 76.*	4030. 1761.*	250403. (5.5%)	280147.	-0.	64.	256.
W/O DEPRECIATION ALLOWANCE	3301. 2578.*	583. 144.*	2310. 1607.*	201985. (4.9%)	233328.	-0.	48.	192.
W/O INVESTMENT TAX CREDIT	4882. 2313.*	-176. -366.*	14523. 2224.*	300938. (6.0%)	361462.	-0.	80.	320.
W/TAX WRITE-OFFS LIMITED TO 1N	18236. 7290.*	1450. 105.*	16379. 6693.*	277244. (5.8%)	320129.	-0.	72.	288.
W/WRITE-OFFS TRUNCATED BY WEALTH	5273. 2272.*	-405. -405.*	5270. 2224.*	303185. (6.0%)	361104.	-0.	80.	320.
W/WRITE-OFFS TRUNCATED BY INCOME	5273. 2272.*	-405. -405.*	5270. 2224.*	303185. (6.0%)	361104.	-0.	80.	320.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	18930.	729.	18201.	58065.	58065.	960.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	1833. -1474.*	-729. -729.*	2154. -1174.*	306032. (6.5%)	400123.	-0.	86.	354.
W/O TAX INDEXING	1833. -1474.*	589. -604.*	836. -1299.*	301594. (6.5%)	395685.	-0.	86.	354.
W/HIGHER CONSUMPTION	-2875. -1492.*	-729. -729.*	-2553. -1339.*	19602. (1.1%)	25910.	-0.	8.	32.
W/O INTEREST WRITE-OFF	-216. -1307.*	922. -305.*	-1545. -1745.*	255084. (6.0%)	349593.	-0.	70.	280.
W/O DEPRECIATION ALLOWANCE	-1146. -1511.*	-723. -1081.*	-881. -1286.*	174801. (5.0%)	236120.	-0.	48.	192.
W/O INVESTMENT TAX CREDIT	-268. -1519.*	-1005. -971.*	17918. -992.*	291836. (6.4%)	399934.	-0.	88.	352.
W/TAX WRITE-OFFS LIMITED TO 1N	13961. 3336.*	922. -288.*	12631. 3145.*	279794. (6.3%)	360526.	-0.	78.	322.
W/WRITE-OFFS TRUNCATED BY WEALTH	1833. -1474.*	-729. -729.*	2154. -1174.*	306032. (6.5%)	400123.	-0.	86.	354.
W/WRITE-OFFS TRUNCATED BY INCOME	1833. -1474.*	-729. -729.*	2154. -1174.*	306032. (6.5%)	400123.	-0.	86.	354.

TABLE XI

RESULTS OF SIMULATION RUNS AT 6% FOR THE IOWA TYPICAL FARM

STATE NAME: IOWA
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FARM SIZE FULL-EQUITY	FARM SIZE MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	66353.	17451.	48902.	1270989.	1270989.	320.	320.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	57962. 14094.*	14709. -3177.*	41239. 15447.*	1963056. (3.3%)	2787213.	920.	136.	784.
W/O TAX INDEXING	51838. 15169.*	37499. 8179.*	12326. 5166.*	1437827. (2.6%)	1767205.	560.	89.	471.
W/HIGHER CONSUMPTION	4054. 470.*	-539. -2791.*	2579. 1436.*	284272. (0.7%)	370712.	120.	24.	96.
W/O INTEREST WRITE-OFF	26686. 8229.*	23344. 14368.*	1328. -7963.*	876606. (1.8%)	1204043.	400.	71.	329.
W/O DEPRECIATION ALLOWANCE	42274. 11879.*	22456. 4105.*	17804. 5950.*	1270508. (2.4%)	1635805.	560.	97.	463.
W/O INVESTMENT TAX CREDIT	54931. 13855.*	16870. -1226.*	47968. 13256.*	1803307. (3.1%)	2520439.	800.	126.	674.
W/TAX WRITE-OFFS LIMITED TO 1M	62487. 40258.*	26353. 14273.*	34120. 24160.*	1125408. (2.2%)	1254443.	480.	45.	435.
W/WRITE-OFFS TRUNCATED BY WEALTH	56156. 38435.*	23344. 14368.*	30798. 22243.*	876606. (1.8%)	1204043.	400.	71.	329.
W/WRITE-OFFS TRUNCATED BY INCOME	36611. -2467.*	23344. 14269.*	11253. -18560.*	881498. (1.8%)	1208936.	400.	71.	329.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	16610.	589.	16020.	90281.	169805.	320.	12.	24.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	3801. 3529.*	-569. -583.*	3472. 3263.*	126947. (3.1%)	47422.	-0.	-0.	-0.
W/O TAX INDEXING	3801. 3529.*	1196. -98.*	1708. 2778.*	109287. (2.8%)	29762.	-0.	-0.	-0.
W/HIGHER CONSUMPTION	3801. 3529.*	-569. -583.*	3472. 3263.*	-43910. (-2.3%)	-123435.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	3801. 3529.*	-824. -722.*	3728. 3187.*	108660. (2.8%)	29135.	-0.	-0.	-0.
W/O DEPRECIATION ALLOWANCE	3801. 3529.*	806. 301.*	1342. 1623.*	19036. (0.7%)	-60489.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	3801. 3529.*	365. -20.*	16020. 2700.*	103037. (2.7%)	23512.	-0.	-0.	-0.
W/TAX WRITE-OFFS LIMITED TO 1M	3801. 3529.*	-569. -583.*	3472. 3263.*	126947. (3.1%)	47422.	-0.	-0.	-0.
W/WRITE-OFFS TRUNCATED BY WEALTH	3801. 3529.*	-569. -583.*	3472. 3263.*	126947. (3.1%)	47422.	-0.	-0.	-0.
W/WRITE-OFFS TRUNCATED BY INCOME	3801. 3529.*	-569. -583.*	3472. 3263.*	126947. (3.1%)	47422.	-0.	-0.	-0.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	18960.	780.	18180.	52690.	52690.	320.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-3356. -893.*	-780. -780.*	-3084. -794.*	22091. (1.2%)	22091.	0.	0.	0.
W/O TAX INDEXING	-3356. -893.*	-780. -774.*	-3084. -800.*	21834. (1.2%)	21834.	0.	0.	0.
W/HIGHER CONSUMPTION	-3356. -893.*	-780. -780.*	-3084. -794.*	-131034. (*****%)	-131034.	0.	0.	0.
W/O INTEREST WRITE-OFF	-3356. -893.*	-780. -780.*	-3084. -794.*	22091. (1.2%)	22091.	0.	0.	0.
W/O DEPRECIATION ALLOWANCE	-3356. -893.*	-1052. -900.*	-3568. -1430.*	-67385. (*****%)	-67385.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	-3356. -893.*	-967. -881.*	17860. -693.*	11211. (0.7%)	11211.	0.	0.	0.
W/TAX WRITE-OFFS LIMITED TO 1M	-3356. -893.*	-780. -780.*	-3084. -794.*	22091. (1.2%)	22091.	0.	0.	0.
W/WRITE-OFFS TRUNCATED BY WEALTH	-3356. -893.*	-780. -780.*	-3084. -794.*	22091. (1.2%)	22091.	0.	0.	0.
W/WRITE-OFFS TRUNCATED BY INCOME	-3356. -893.*	-780. -780.*	-3084. -794.*	22091. (1.2%)	22091.	0.	0.	0.

TABLE XII

RESULTS OF SIMULATION RUNS AT 12% FOR THE IOWA TYPICAL FARM

STATE NAME: IOWA
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	66353.	17331.	49022.	1273140.	1273140.	320.	320.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	30932. -2354.*	-989. -9777.*	31413. 6539.*	2203572. (3.5%)	2915037.	960.	192.	768.
W/O TAX INDEXING	12047. -474.*	-17331. -1744.*	28970. 386.*	1755068. (3.0%)	2422918.	800.	160.	640.
W/HIGHER CONSUMPTION	-2544. -3748.*	-4486. -4715.*	1534. 86.*	341956. (0.8%)	473915.	160.	32.	128.
W/O INTEREST WRITE-OFF	17007. -254.*	22842. 11808.*	-6243. -12946.*	983299. (2.0%)	1238182.	448.	88.	352.
W/O DEPRECIATION ALLOWANCE	26182. -546.*	12458. -2596.*	13316. 1166.*	1563184. (2.8%)	2010171.	640.	128.	512.
W/O INVESTMENT TAX CREDIT	34179. -1867.*	4705. -7922.*	49088. 5171.*	2057407. (3.4%)	2662137.	880.	176.	704.
W/TAX WRITE-OFFS LIMITED TO 1M	67903. 30780.*	28917. 10544.*	38578. 19353.*	1226223. (2.4%)	1487527.	480.	96.	384.
W/WRITE-OFFS TRUNCATED BY WEALTH	55240. 32874.*	22842. 11808.*	31990. 20182.*	983299. (2.0%)	1238182.	448.	88.	352.
W/WRITE-OFFS TRUNCATED BY INCOME	-17387. -3479.*	22842. 11966.*	-40637. -16329.*	984629. (2.0%)	1222260.	448.	88.	352.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	15834.	527.	15307.	62883.	96186.	320.	4.	10.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	1410. 2425.*	-527. -527.*	1529. 2309.*	43508. (1.8%)	10204.	-0.	-0.	-0.
W/O TAX INDEXING	1410. 2425.*	1382. 36.*	-379. 1747.*	22025. (1.1%)	-11279.	-0.	-0.	-0.
W/HIGHER CONSUMPTION	1410. 2425.*	-527. -527.*	1529. 2309.*	-109020. (-5.1%)	-142323.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	1410. 2425.*	-527. -527.*	1529. 2220.*	37942. (1.7%)	4639.	-0.	-0.	-0.
W/O DEPRECIATION ALLOWANCE	1410. 2425.*	276. 92.*	726. 1491.*	-20976. (-1.4%)	-54279.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	1410. 2425.*	-161. -292.*	15307. 2075.*	33323. (1.5%)	20.	-0.	-0.	-0.
W/TAX WRITE-OFFS LIMITED TO 1M	1410. 2457.*	-527. -527.*	1529. 2342.*	43508. (1.8%)	10204.	-0.	-0.	-0.
W/WRITE-OFFS TRUNCATED BY WEALTH	1410. 2425.*	-527. -527.*	1529. 2309.*	43508. (1.8%)	10204.	-0.	-0.	-0.
W/WRITE-OFFS TRUNCATED BY INCOME	1410. 2425.*	-527. -527.*	1529. 2309.*	43508. (1.8%)	10204.	-0.	-0.	-0.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	18960.	780.	18180.	52860.	52860.	320.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-3585. -1191.*	-780. -780.*	-3213. -1061.*	3605. (0.3%)	3605.	0.	0.	0.
W/O TAX INDEXING	-3585. -1191.*	-57. -609.*	-3936. -1232.*	-2831. (-0.1%)	-2831.	0.	0.	0.
W/HIGHER CONSUMPTION	-3585. -1191.*	-780. -780.*	-3213. -1061.*	-144304. (3.7%)	-144304.	0.	0.	0.
W/O INTEREST WRITE-OFF	-3585. -1191.*	-780. -780.*	-3213. -1061.*	3605. (0.3%)	3605.	0.	0.	0.
W/O DEPRECIATION ALLOWANCE	-3585. -1191.*	-1076. -958.*	-2917. -1091.*	-58153. (-8.9%)	-58153.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	-3585. -1191.*	-978. -917.*	17898. -923.*	-3871. (-0.2%)	-3871.	0.	0.	0.
W/TAX WRITE-OFFS LIMITED TO 1M	-3585. -1191.*	-780. -780.*	-3213. -1061.*	3605. (0.3%)	3605.	0.	0.	0.
W/WRITE-OFFS TRUNCATED BY WEALTH	-3585. -1191.*	-780. -780.*	-3213. -1061.*	3605. (0.3%)	3605.	0.	0.	0.
W/WRITE-OFFS TRUNCATED BY INCOME	-3585. -1191.*	-780. -780.*	-3213. -1061.*	3605. (0.3%)	3605.	0.	0.	0.

TABLE XIII

RESULTS OF SIMULATION RUNS AT 6% FOR THE MINNESOTA TYPICAL FARM

STATE NAME: MINNESOTA
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FARM SIZE FULL-EQUITY	FARM SIZE MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	51776.	9443.	42333.	940689.	940689.	320.	320.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	43482. 7995.*	-7533. -8827.*	49002. 15288.*	1806790. (3.8%)	2767572.	1440.	195.	1245.
W/O TAX INDEXING	46859. 8010.*	7058. -6236.*	36986. 12716.*	1713997. (3.6%)	2500555.	1280.	163.	1117.
W/HIGHER CONSUMPTION	7649. 687.*	-2622. -4583.*	8256. 3446.*	366962. (1.2%)	495557.	280.	49.	231.
W/O INTEREST WRITE-OFF	25624. 5564.*	13956. 7875.*	9654. -4136.*	881554. (2.3%)	1220538.	680.	117.	563.
W/O DEPRECIATION ALLOWANCE	34168. 7456.*	15373. 856.*	16781. 4776.*	1057185. (2.6%)	1392367.	720.	111.	609.
W/O INVESTMENT TAX CREDIT	42957. 7341.*	-1168. -7165.*	41192. 12952.*	1675954. (3.6%)	2505865.	1280.	161.	1119.
W/TAX WRITE-OFFS LIMITED TO 1M	68436. 34218.*	17954. 6258.*	48468. 26304.*	1111048. (2.7%)	1469229.	800.	108.	692.
W/WRITE-OFFS TRUNCATED BY WEALTH	56132. 37271.*	13956. 7875.*	40163. 27572.*	881554. (2.3%)	1220538.	680.	117.	563.
W/WRITE-OFFS TRUNCATED BY INCOME	2197. 6891.*	13955. 7870.*	-13772. -2803.*	883294. (2.3%)	1218836.	680.	115.	565.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	13738.	9.	13729.	120893.	251686.	320.	21.	61.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	9977. 5882.*	-9. -9.*	9567. 5567.*	364419. (4.9%)	427688.	-0.	40.	160.
W/O TAX INDEXING	9977. 5882.*	-9. -9.*	9567. 5567.*	364419. (4.9%)	427688.	-0.	40.	160.
W/HIGHER CONSUMPTION	6937. 5661.*	-9. -9.*	6195. 5172.*	134353. (2.6%)	3559.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	9483. 5746.*	677. 186.*	7406. 4477.*	289025. (4.3%)	266649.	-0.	24.	96.
W/O DEPPECIATION ALLOWANCE	8126. 5596.*	2120. 1142.*	4235. 3038.*	193208. (3.4%)	94767.	-0.	8.	32.
W/O INVESTMENT TAX CREDIT	9977. 5882.*	-9. 21.*	13727. 5537.*	363386. (4.9%)	426635.	-0.	40.	160.
W/TAX WRITE-OFFS LIMITED TO 1M	23342. 9116.*	1202. 222.*	20522. 8295.*	342683. (4.7%)	348377.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY WEALTH	9977. 5882.*	-9. -9.*	9567. 5567.*	364419. (4.9%)	427688.	-0.	40.	160.
W/WRITE-OFFS TRUNCATED BY INCOME	11744. 6890.*	-9. 68.*	11075. 6412.*	358022. (4.9%)	356084.	-0.	40.	160.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	18425.	389.	18036.	80409.	80409.	320.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	484. -336.*	-389. -389.*	842. -101.*	263818. (5.1%)	432571.	-0.	40.	160.
W/O TAX INDEXING	484. -336.*	-389. -389.*	842. -101.*	263818. (5.1%)	432571.	-0.	40.	160.
W/HIGHER CONSUMPTION	-4834. -1584.*	-389. -389.*	-4623. -1486.*	2093. (0.1%)	2093.	0.	0.	0.
W/O INTEREST WRITE-OFF	878. -343.*	-389. -389.*	223. -656.*	229416. (4.8%)	348223.	-0.	32.	128.
W/O DEPRECIATION ALLOWANCE	-2484. -1257.*	-611. -681.*	-3164. -1817.*	91017. (2.7%)	110470.	-0.	8.	32.
W/O INVESTMENT TAX CREDIT	484. -336.*	-389. -389.*	18036. -101.*	263818. (5.1%)	432571.	-0.	40.	160.
W/TAX WRITE-OFFS LIMITED TO 1M	11570. 2028.*	-389. -389.*	10915. 2063.*	254293. (5.0%)	361353.	-0.	40.	160.
W/WRITE-OFFS TRUNCATED BY WEALTH	484. -336.*	-389. -389.*	842. -101.*	263818. (5.1%)	432571.	-0.	40.	160.
W/WRITE-OFFS TRUNCATED BY INCOME	484. -336.*	-389. -389.*	842. -101.*	263818. (5.1%)	432571.	-0.	40.	160.

TABLE XIV

RESULTS OF SIMULATION RUNS AT 12% FOR THE MINNESOTA TYPICAL FARM

STATE NAME: MINNESOTA
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGE
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	51776.	9343.	42434.	942589.	942589.	320.	320.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	18839. -5012.*	-9343. -8970.*	27773. 3168.*	1733109. (3.7%)	2329701.	1240.	248.	992.
W/O TAX INDEXING	24698. -4116.*	1526. -7139.*	22764. 2233.*	1666407. (3.6%)	2169254.	1160.	232.	928.
W/HIGHER CONSUMPTION	4247. -4697.*	-3916. -5910.*	7755. 329.*	389105. (1.2%)	482477.	320.	64.	256.
W/O INTEREST WRITE-OFF	15324. -3308.*	13375. 5728.*	1542. -9920.*	948026. (2.4%)	1212618.	680.	136.	544.
W/O DEPRECIATION ALLOWANCE	17872. -3483.*	5898. -4310.*	11566. -56.*	1243562. (3.0%)	1627869.	860.	173.	707.
W/O INVESTMENT TAX CREDIT	20027. -4789.*	-7466. -8885.*	41293. 3287.*	1672719. (3.6%)	2234049.	1160.	231.	929.
W/TAX WRITE-OFFS LIMITED TO 1M	63215. 26818.*	16032. 4420.*	46775. 21588.*	1119925. (2.7%)	1387660.	760.	152.	608.
W/WRITE-OFFS TRUNCATED BY WEALTH	55013. 31003.*	13375. 5728.*	41230. 24391.*	948026. (2.4%)	1212618.	680.	136.	544.
W/WRITE-OFFS TRUNCATED BY INCOME	-11017. 4234.*	13375. 5694.*	-24799. -2344.*	956274. (2.4%)	1215261.	680.	136.	544.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	12894.	0.	12894.	96378.	154564.	320.	10.	27.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	3323. 3335.*	0. 0.*	3280. 3176.*	235975. (4.4%)	261748.	-0.	24.	96.
W/O TAX INDEXING	3323. 3335.*	0. 0.*	3280. 3176.*	235975. (4.4%)	261748.	-0.	24.	96.
W/HIGHER CONSUMPTION	3614. 4366.*	0. 0.*	3206. 4040.*	50492. (1.5%)	-7694.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	4283. 3528.*	0. 0.*	3875. 2960.*	198010. (3.9%)	198846.	-0.	16.	64.
W/O DEPRECIATION ALLOWANCE	5203. 3883.*	1141. 536.*	3654. 2572.*	146401. (3.2%)	184963.	-0.	8.	32.
W/O INVESTMENT TAX CREDIT	3323. 3335.*	0. 0.*	12894. 3176.*	235975. (4.4%)	268748.	-0.	24.	96.
W/TAX WRITE-OFFS LIMITED TO 1M	15917. 6835.*	0. 0.*	15509. 6507.*	219204. (4.2%)	263410.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY WEALTH	3323. 3335.*	0. 0.*	3280. 3176.*	235975. (4.4%)	261748.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY INCOME	3323. 3335.*	0. 0.*	3280. 3176.*	235975. (4.4%)	261748.	-0.	24.	96.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	18425.	389.	18036.	80736.	80736.	320.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-4131. -2444.*	-389. -389.*	-3743. -2205.*	188851. (4.3%)	264321.	-0.	24.	96.
W/O TAX INDEXING	-4131. -2444.*	-389. -389.*	-3743. -2205.*	188851. (4.3%)	264321.	-0.	24.	96.
W/HIGHER CONSUMPTION	-5114. -1949.*	-389. -389.*	-4880. -1821.*	-9218. (-0.4%)	-9218.	0.	0.	0.
W/O INTEREST WRITE-OFF	-5437. -2366.*	-389. -389.*	-5456. -2445.*	171069. (4.0%)	255243.	-0.	24.	96.
W/O DEPRECIATION ALLOWANCE	-2731. -2211.*	-639. -800.*	-2500. -2242.*	88258. (2.6%)	99709.	-0.	8.	32.
W/O INVESTMENT TAX CREDIT	-4131. -2444.*	-389. -389.*	18036. -2205.*	188851. (4.3%)	264321.	-0.	24.	96.
W/TAX WRITE-OFFS LIMITED TO 1M	7189. 921.*	-389. -389.*	7170. 970.*	181314. (4.2%)	256784.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY WEALTH	-4131. -2444.*	-389. -389.*	-3743. -2205.*	188851. (4.3%)	264321.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY INCOME	-4131. -2444.*	-389. -389.*	-3743. -2205.*	188851. (4.3%)	264321.	-0.	24.	96.

TABLE XV

RESULTS OF SIMULATION RUNS AT 6% FOR THE ILLINOIS TYPICAL FARM

STATE NAME: ILLINOIS
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	91102.	30581.	60521.	1803432.	1803432.	400.	400.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	80647. 10185.*	21442. -8404.*	57191. 16764.*	4026145. (4.2%)	6110872.	1640.	230.	1410.
W/O TAX INDEXING	83539. 12108.*	53031. 4536.*	28494. 5747.*	3335001. (3.7%)	4687780.	1280.	180.	1100.
W/HIGHER CONSUMPTION	22439. 2686.*	4855. -4335.*	15570. 5196.*	1218374. (1.8%)	1772671.	486.	91.	389.
W/O INTEREST WRITE-OFF	37303. 6786.*	43626. 26351.*	-8337. -21389.*	1503324. (2.1%)	2047984.	600.	106.	494.
W/O DEPRECIATION ALLOWANCE	71635. 9359.*	42125. 3063.*	27495. 4472.*	2971231. (3.5%)	4223014.	1120.	146.	974.
W/O INVESTMENT TAX CREDIT	84235. 11218.*	29426. -5277.*	59569. 14671.*	3830533. (4.0%)	5642124.	1520.	220.	1300.
W/TAX WRITE-OFFS LIMITED TO 1M	107317. 61153.*	55459. 28354.*	49843. 30974.*	1925643. (2.5%)	2490176.	680.	67.	613.
W/WRITE-OFFS TRUNCATED BY WEALTH	86322. 56460.*	43626. 26351.*	40683. 28285.*	1503324. (2.1%)	2047984.	600.	106.	494.
W/WRITE-OFFS TRUNCATED BY INCOME	-24317. -9054.*	43626. 26276.*	-69957. -37155.*	1506717. (2.1%)	2051377.	600.	106.	494.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	15732.	0.	15732.	159726.	392843.	400.	23.	60.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	17665. 10582.*	686. 291.*	15903. 9729.*	753445. (6.8%)	959338.	-0.	48.	192.
W/O TAX INDEXING	19753. 10876.*	6954. 1784.*	11400. 8476.*	663560. (6.4%)	690735.	-0.	32.	128.
W/HIGHER CONSUMPTION	15187. 11156.*	2059. 903.*	11791. 9502.*	311547. (4.3%)	78428.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	16896. 10763.*	2666. 805.*	12216. 8275.*	473015. (4.9%)	376418.	-0.	16.	64.
W/O DEPRECIATION ALLOWANCE	16896. 10726.*	5062. 2685.*	9820. 6581.*	493105. (5.5%)	396507.	-0.	24.	96.
W/O INVESTMENT TAX CREDIT	17946. 10771.*	2542. 1446.*	15732. 8671.*	756480. (6.2%)	959250.	-0.	48.	192.
W/TAX WRITE-OFFS LIMITED TO 1M	43179. 19642.*	10935. 3513.*	30230. 15172.*	679726. (5.9%)	664751.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY WEALTH	39645. 16078.*	8819. 1993.*	28811. 13130.*	747165. (6.2%)	823712.	-0.	40.	160.
W/WRITE-OFFS TRUNCATED BY INCOME	25239. 17208.*	10935. 3805.*	12290. 12219.*	623105. (5.7%)	657114.	-0.	32.	128.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	23718.	669.	23049.	78003.	78003.	400.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	4049. -625.*	-390. -390.*	3742. -500.*	553274. (9.0%)	832698.	-0.	48.	192.
W/O TAX INDEXING	2895. -542.*	990. -184.*	1301. -635.*	540293. (8.9%)	832539.	-0.	40.	160.
W/HIGHER CONSUMPTION	-5794. -1769.*	-390. -390.*	-5689. -1714.*	81817. (3.8%)	81817.	0.	0.	0.
W/O INTEREST WRITE-OFF	1969. -75.*	4855. 1677.*	-4901. -3077.*	434957. (6.7%)	659733.	-0.	32.	128.
W/O DEPRECIATION ALLOWANCE	-3192. -1622.*	-943. -808.*	-3515. -1932.*	319634. (7.3%)	523996.	-0.	24.	96.
W/O INVESTMENT TAX CREDIT	1376. -674.*	-898. -966.*	22097. -42.*	578777. (7.7%)	965656.	-0.	48.	192.
W/TAX WRITE-OFFS LIMITED TO 1M	29197. 6468.*	7116. 1160.*	20067. 4547.*	553059. (7.5%)	810738.	-0.	40.	160.
W/WRITE-OFFS TRUNCATED BY WEALTH	21380. 2002.*	3685. -188.*	15681. 1669.*	624169. (7.9%)	966266.	-0.	48.	192.
W/WRITE-OFFS TRUNCATED BY INCOME	13349. 8339.*	4855. 1499.*	6479. 5728.*	489908. (7.1%)	671409.	-0.	32.	128.

TABLE XVI

RESULTS OF SIMULATION RUNS AT 12% FOR THE ILLINOIS TYPICAL FARM

STATE NAME: ILLINOIS
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	91102.	30449.	60653.	1806459.	1806459.	480.	400.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	20885. -18334.*	-12842. -20985.*	33319. 1768.*	4356408. (4.4%)	5952783.	1640.	313.	1327.
W/O TAX INDEXING	13434. -16424.*	-29856. -15084.*	42582. -2224.*	3992628. (4.1%)	5498711.	1520.	281.	1239.
W/HIGHER CONSUMPTION	4133. -9282.*	-5454. -10080.*	9179. -85.*	1341838. (2.0%)	1790233.	480.	96.	384.
W/O INTEREST WRITE-OFF	23112. -5532.*	43062. 22555.*	-20357. -28971.*	1644277. (2.3%)	2059448.	600.	118.	482.
W/O DEPRECIATION ALLOWANCE	47234. -12617.*	26149. -9417.*	20677. -4083.*	3463552. (3.8%)	4417723.	1240.	227.	1013.
W/O INVESTMENT TAX CREDIT	29663. -16555.*	-3358. -18290.*	59701. 851.*	4203291. (4.2%)	5647835.	1560.	303.	1257.
W/TAX WRITE-OFFS LIMITED TO 1M	106382. 49075.*	54875. 22391.*	51100. 25800.*	2009864. (2.6%)	2500763.	680.	134.	546.
W/WRITE-OFFS TRUNCATED BY WEALTH	85388. 49313.*	43062. 22555.*	41918. 25873.*	1644277. (2.3%)	2059448.	600.	118.	482.
W/WRITE-OFFS TRUNCATED BY INCOME	-37960. -14383.*	43062. 22385.*	-81430. -37652.*	1653407. (2.3%)	2068578.	600.	118.	482.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	13580.	0.	13580.	114627.	223967.	480.	12.	28.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	7116. 6544.*	0. 9.*	6915. 6361.*	580442. (7.3%)	679440.	-0.	32.	128.
W/O TAX INDEXING	11646. 7115.*	4267. 819.*	6971. 6085.*	529017. (7.0%)	551157.	-0.	24.	96.
W/HIGHER CONSUMPTION	10374. 9802.*	412. 209.*	9554. 9187.*	187906. (4.1%)	78565.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	6302. 7417.*	4067. 924.*	1827. 5758.*	466326. (5.8%)	524095.	-0.	24.	96.
W/O DEPRECIATION ALLOWANCE	1683. 7432.*	306. 1446.*	969. 5285.*	435481. (6.4%)	524043.	-0.	24.	96.
W/O INVESTMENT TAX CREDIT	10637. 6590.*	896. 426.*	13580. 5945.*	626365. (6.7%)	701885.	-0.	40.	160.
W/TAX WRITE-OFFS LIMITED TO 1M	31368. 17127.*	5571. 2169.*	25390. 14595.*	555312. (6.3%)	551833.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY WEALTH	32082. 11458.*	5390. 888.*	26284. 10299.*	626225. (6.7%)	690499.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY INCOME	36565. 14773.*	7085. 1840.*	29072. 12591.*	577462. (6.4%)	671074.	-0.	32.	128.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	23718.	624.	23094.	78683.	78683.	480.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-9049. -4104.*	-390. -390.*	-8659. -3883.*	473052. (8.4%)	679815.	-0.	32.	128.
W/O TAX INDEXING	727. -3767.*	3331. -31.*	-3012. -3919.*	457738. (8.3%)	552672.	-0.	32.	128.
W/HIGHER CONSUMPTION	-6027. -2074.*	-390. -390.*	-5903. -1994.*	74787. (3.6%)	74787.	0.	0.	0.
W/O INTEREST WRITE-OFF	928. -3528.*	2797. 975.*	-2277. -5128.*	443430. (6.8%)	537025.	-0.	32.	128.
W/O DEPRECIATION ALLOWANCE	-4131. -3825.*	-1053. -1213.*	-3486. -3373.*	309381. (7.2%)	390046.	-0.	16.	64.
W/O INVESTMENT TAX CREDIT	-3177. -4484.*	-1320. -1199.*	22143. -3482.*	518425. (7.3%)	686042.	-0.	32.	128.
W/TAX WRITE-OFFS LIMITED TO 1M	21965. 4578.*	4774. 836.*	16784. 3372.*	485503. (7.0%)	660134.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY WEALTH	12460. -2266.*	1699. -355.*	10353. -2144.*	552210. (7.5%)	691213.	-0.	40.	160.
W/WRITE-OFFS TRUNCATED BY INCOME	15890. 3618.*	4774. 607.*	10709. 2642.*	493586. (7.1%)	668218.	-0.	32.	128.

TABLE XVII

RESULTS OF SIMULATION RUNS AT 6% FOR THE OHIO TYPICAL FARM

STATE NAME: OHIO
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	56757.	13080.	43678.	940819.	940819.	240.	240.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	37619. 853.*	-12577. -11812.*	48182. 11276.*	2697867. (4.9%)	4404511.	1560.	210.	1350.
W/O TAX INDEXING	49766. 2836.*	9721. -7591.*	38031. 9043.*	2525099. (4.7%)	3788821.	1360.	197.	1163.
W/HIGHER CONSUMPTION	4610. -1986.*	-6374. -6080.*	8969. 2270.*	726673. (2.1%)	1137101.	440.	88.	352.
W/O INTEREST WRITE-OFF	20621. 2049.*	23120. 11822.*	-4513. -11597.*	1150738. (2.6%)	1691222.	600.	106.	494.
W/O DEPRECIATION ALLOWANCE	38480. 2096.*	17421. -1913.*	19044. 2184.*	1847556. (3.9%)	2682352.	960.	137.	823.
W/O INVESTMENT TAX CREDIT	40432. 1279.*	-5219. -10055.*	42804. 9910.*	2605307. (4.7%)	4157514.	1480.	197.	1283.
W/TAX WRITE-OFFS LIMITED TO 1M	85895. 39870.*	30088. 11146.*	53793. 27167.*	1507498. (3.4%)	2059694.	720.	96.	624.
W/WRITE-OFFS TRUNCATED BY WEALTH	69265. 40748.*	23120. 11522.*	44131. 27102.*	1150738. (2.8%)	1691222.	600.	106.	494.
W/WRITE-OFFS TRUNCATED BY INCOME	11719. 6603.*	23120. 11701.*	-13414. -6922.*	1157300. (2.8%)	1691856.	600.	108.	492.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	15411.	0.	15411.	136503.	346094.	240.	23.	69.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	17316. 9346.*	0. 11.*	16721. 9230.*	709120. (7.2%)	863157.	200.	64.	256.
W/O TAX INDEXING	18645. 9720.*	3302. 678.*	14600. 8900.*	677114. (7.1%)	760172.	160.	56.	224.
W/HIGHER CONSUMPTION	13176. 9882.*	1750. 777.*	10652. 8784.*	280929. (4.5%)	71236.	-0.	8.	32.
W/O INTEREST WRITE-OFF	15673. 9695.*	2401. 749.*	11418. 7710.*	454666. (5.3%)	402105.	-0.	24.	96.
W/O DEPRECIATION ALLOWANCE	16456. 9674.*	4602. 2265.*	10107. 6477.*	480442. (6.0%)	419183.	40.	32.	128.
W/O INVESTMENT TAX CREDIT	18549. 9595.*	1757. 882.*	15411. 8550.*	731774. (6.6%)	872109.	200.	64.	256.
W/TAX WRITE-OFFS LIMITED TO 1M	39924. 18328.*	7899. 2660.*	30011. 14938.*	653078. (6.3%)	639617.	120.	48.	192.
W/WRITE-OFFS TRUNCATED BY WEALTH	34768. 12536.*	4483. 648.*	28271. 11491.*	756963. (6.7%)	877062.	160.	56.	224.
W/WRITE-OFFS TRUNCATED BY INCOME	22504. 17521.*	7899. 3179.*	12591. 13320.*	584429. (5.9%)	623317.	80.	40.	160.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	23014.	331.	22683.	74340.	74340.	240.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	4644. 173.*	-81. -74.*	4696. 246.*	571050. (9.4%)	876645.	120.	64.	256.
W/O TAX INDEXING	4644. 173.*	-81. -70.*	4696. 242.*	570759. (9.4%)	876353.	120.	64.	256.
W/HIGHER CONSUMPTION	-5687. -1724.*	-81. -72.*	-5606. -1652.*	79668. (3.9%)	79668.	-0.	8.	32.
W/O INTEREST WRITE-OFF	6316. 696.*	3634. 1882.*	1077. -2082.*	469801. (7.1%)	644395.	40.	47.	193.
W/O DEPRECIATION ALLOWANCE	1236. -941.*	312. -410.*	-206. -1197.*	359694. (7.9%)	529143.	-0.	32.	128.
W/O INVESTMENT TAX CREDIT	6027. 416.*	-677. -846.*	21809. 1244.*	638000. (8.2%)	984446.	160.	72.	288.
W/TAX WRITE-OFFS LIMITED TO 1M	32148. 8274.*	6013. 1267.*	24120. 6396.*	579127. (7.8%)	863849.	90.	55.	225.
W/WRITE-OFFS TRUNCATED BY WEALTH	18567. 2303.*	860. -217.*	16502. 2368.*	664554. (8.3%)	990163.	160.	71.	284.
W/WRITE-OFFS TRUNCATED BY INCOME	16436. 9916.*	4794. 1677.*	9668. 7437.*	524954. (7.5%)	753312.	40.	47.	193.

TABLE XVIII

RESULTS OF SIMULATION RUNS AT 12% FOR THE OHIO TYPICAL FARM

STATE NAME: OHIO
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	56757.	12965.	43793.	942816.	942816.	240.	240.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	6796. -13490.*	-12469. -11708.*	18857. -2357.*	2487659. (4.6%)	3415774.	1240.	246.	994.
W/O TAX INDEXING	11026. -13087.*	-7553. -10905.*	18971. -2761.*	2450051. (4.6%)	3307681.	1200.	240.	960.
W/HIGHER CONSUMPTION	-10973. -9800.*	-11546. -8081.*	165. -2600.*	793083. (2.2%)	1137509.	408.	88.	320.
W/O INTEREST WRITE-OFF	6021. -7531.*	20400. 8832.*	-14787. -17247.*	1224856. (2.9%)	1603812.	600.	120.	480.
W/O DEPRECIATION ALLOWANCE	12209. -11412.*	2655. -8131.*	9146. -4165.*	2003782. (4.1%)	2674081.	960.	192.	768.
W/O INVESTMENT TAX CREDIT	6796. -13453.*	-12619. -12130.*	42919. -1947.*	2493854. (4.6%)	3421968.	1240.	247.	992.
W/TAX WRITE-OFFS LIMITED TO 1M	79494. 30321.*	27262. 7760.*	51824. 21852.*	1508860. (3.4%)	1952416.	688.	136.	544.
W/WRITE-OFFS TRUNCATED BY WEALTH	62864. 33004.*	20400. 8832.*	42056. 23287.*	1224856. (2.9%)	1603812.	600.	120.	480.
W/WRITE-OFFS TRUNCATED BY INCOME	20278. 3923.*	20400. 8889.*	-530. -5850.*	1237696. (2.9%)	1599214.	600.	120.	480.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	14171.	0.	14171.	95689.	187278.	240.	10.	30.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	2738. 5318.*	0. 0.*	2738. 5318.*	526276. (7.8%)	650229.	40.	40.	160.
W/O TAX INDEXING	2522. 5175.*	0. 177.*	2522. 4998.*	513565. (7.7%)	638959.	40.	40.	160.
W/HIGHER CONSUMPTION	7837. 7932.*	270. 146.*	7326. 7692.*	162793. (4.3%)	71204.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	4804. 5944.*	3015. 756.*	1382. 4680.*	447063. (6.2%)	523513.	-0.	32.	128.
W/O DEPRECIATION ALLOWANCE	9048. 5909.*	2131. 1205.*	6509. 4262.*	408953. (7.0%)	420156.	-0.	32.	128.
W/O INVESTMENT TAX CREDIT	9668. 5146.*	351. 247.*	14171. 4899.*	590150. (7.0%)	667903.	80.	48.	192.
W/TAX WRITE-OFFS LIMITED TO 1M	30010. 14781.*	4290. 1567.*	25312. 12945.*	522776. (6.7%)	549431.	40.	40.	160.
W/WRITE-OFFS TRUNCATED BY WEALTH	25770. 6740.*	1802. 92.*	23561. 6591.*	608908. (7.1%)	755824.	80.	48.	192.
W/WRITE-OFFS TRUNCATED BY INCOME	33856. 12202.*	5004. 1225.*	28443. 10796.*	550886. (6.8%)	641254.	40.	40.	160.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	23014.	285.	22729.	74998.	74998.	240.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-3230. -3645.*	-35. -34.*	-3195. -3612.*	482666. (8.7%)	649635.	-0.	40.	160.
W/O TAX INDEXING	-3358. -3815.*	-35. 21.*	-3322. -3836.*	474640. (8.7%)	642459.	-0.	40.	160.
W/HIGHER CONSUMPTION	-5901. -2004.*	-35. -34.*	-5866. -1970.*	73132. (3.7%)	73132.	0.	0.	0.
W/O INTEREST WRITE-OFF	-4306. -3087.*	3573. 1233.*	-8287. -4745.*	460163. (7.0%)	634304.	-0.	40.	160.
W/O DEPRECIATION ALLOWANCE	-1865. -3415.*	-343. -873.*	-1930. -2962.*	341028. (7.7%)	424987.	-0.	32.	128.
W/O INVESTMENT TAX CREDIT	-6660. -4005.*	-1159. -906.*	21855. -3103.*	537988. (7.6%)	761549.	40.	48.	192.
W/TAX WRITE-OFFS LIMITED TO 1M	21815. 5421.*	3573. 933.*	17834. 4239.*	503758. (7.3%)	647672.	-0.	40.	160.
W/WRITE-OFFS TRUNCATED BY WEALTH	8208. -3101.*	-285. -253.*	8085. -2875.*	568318. (7.7%)	766479.	40.	48.	192.
W/WRITE-OFFS TRUNCATED BY INCOME	16470. 3790.*	3573. 771.*	12490. 2834.*	517485. (7.4%)	648918.	40.	48.	192.

TABLE XIX

RESULTS OF SIMULATION RUNS AT 6% FOR THE MISSOURI TYPICAL FARM

STATE NAME: MISSOURI
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	45634.	7485.	38148.	792023.	792023	360.	360.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	42453. 9860.*	-6991. -7185.*	47430. 15607.*	1526196. (3.8%)	2370616.	1680.	200.	1480.
W/O TAX INDEXING	45400. 10603.*	7847. -4166.*	35538. 13307.*	1413434. (3.6%)	2048872.	1440.	177.	1263.
W/HIGHER CONSUMPTION	7873. 1431.*	-1675. -3837.*	7534. 3444.*	259201. (1.0%)	324635.	280.	46.	234.
W/O INTEREST WRITE-OFF	24493. 6794.*	12181. 6332.*	10298. -1362.*	759203. (2.3%)	1098198.	800.	126.	674.
W/O DEPRECIATION ALLOWANCE	31911. 8344.*	13745. 1222.*	16152. 5298.*	860458. (2.6%)	1117031.	840.	125.	715.
W/O INVESTMENT TAX CREDIT	42052. 10061.*	-289. -5355.*	37096. 13876.*	1382248. (3.5%)	2054891.	1480.	197.	1283.
W/TAX WRITE-OFFS LIMITED TO 1M	64520. 31862.*	15085. 4851.*	47421. 25431.*	975919. (2.8%)	1292467.	960.	107.	853.
W/WRITE-OFFS TRUNCATED BY WEALTH	55003. 35350.*	12181. 6332.*	40808. 27194.*	759203. (2.3%)	1098198.	800.	126.	674.
W/WRITE-OFFS TRUNCATED BY INCOME	54859. 7809.*	12105. 6284.*	40740. -299.*	763513. (2.4%)	1098698.	800.	129.	671.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	13356.	120.	13236.	103930.	221561.	360.	25.	75.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	9919. 5648.*	-120. -120.*	9574. 5365.*	313011. (4.9%)	368108.	40.	56.	224.
W/O TAX INDEXING	9919. 5648.*	-120. -120.*	9574. 5365.*	313011. (4.9%)	368108.	40.	56.	224.
W/HIGHER CONSUMPTION	6431. 5203.*	-120. -120.*	5800. 4773.*	109278. (2.5%)	-8354.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	8442. 5507.*	613. 22.*	6430. 4416.*	244787. (4.3%)	245799.	-0.	32.	128.
W/O DEPRECIATION ALLOWANCE	7473. 5221.*	1849. 954.*	3937. 2864.*	148165. (3.1%)	54199.	-0.	8.	32.
W/O INVESTMENT TAX CREDIT	9675. 5660.*	-95. -87.*	13236. 5339.*	310258. (4.9%)	368071.	-0.	48.	192.
W/TAX WRITE-OFFS LIMITED TO 1M	22292. 8251.*	996. 64.*	19735. 7559.*	293897. (4.7%)	309315.	-0.	40.	160.
W/WRITE-OFFS TRUNCATED BY WEALTH	9919. 5648.*	-120. -120.*	9574. 5365.*	313011. (4.9%)	368108.	40.	56.	224.
W/WRITE-OFFS TRUNCATED BY INCOME	25465. 6184.*	1380. -68.*	22361. 5806.*	310004. (4.9%)	365101.	-0.	48.	192.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	17623.	466.	17157.	68868.	68868.	360.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	4214. 771.*	-466. -466.*	4425. 1010.*	273335. (5.7%)	427078.	-0.	64.	256.
W/O TAX INDEXING	4214. 771.*	-466. -466.*	4425. 1010.*	273335. (5.7%)	427078.	-0.	64.	256.
W/HIGHER CONSUMPTION	-4156. -1311.*	-466. -466.*	-3929. -1213.*	-8672. (-0.5%)	-8672.	0.	0.	0.
W/O INTEREST WRITE-OFF	3119. 527.*	-466. -466.*	2534. 199.*	217467. (5.0%)	312877.	-0.	48.	192.
W/O DEPRECIATION ALLOWANCE	-943. -841.*	-441. -701.*	-1854. -1399.*	78736. (2.7%)	113534.	-0.	16.	64.
W/O INVESTMENT TAX CREDIT	4214. 771.*	-466. -466.*	17157. 1010.*	273335. (5.7%)	427078.	-0.	64.	256.
W/TAX WRITE-OFFS LIMITED TO 1M	14878. 3673.*	-466. -466.*	14131. 3667.*	261192. (5.6%)	372983.	-0.	56.	224.
W/WRITE-OFFS TRUNCATED BY WEALTH	4214. 771.*	-466. -466.*	4425. 1010.*	273335. (5.7%)	427078.	-0.	64.	256.
W/WRITE-OFFS TRUNCATED BY INCOME	4214. 771.*	-466. -466.*	4425. 1010.*	273335. (5.7%)	427078.	-0.	64.	256.

TABLE XX

RESULTS OF SIMULATION RUNS AT 12% FOR THE MISSOURI TYPICAL FARM

STATE NAME: MISSOURI
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	45634.	7399.	38234.	793656.	793656.	360.	360.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	20018. -1649.*	-7399. -7179.*	27009. 4766.*	1446693. (3.6%)	1969134.	1400.	269.	1131.
W/O TAX INDEXING	25571. -757.*	2310. -5056.*	22853. 3535.*	1367974. (3.5%)	1789850.	1320.	254.	1066.
W/HIGHER CONSUMPTION	4673. -3027.*	-2808. -4738.*	7074. 827.*	265907. (1.0%)	319517.	320.	64.	256.
W/O INTEREST WRITE-OFF	17074. -1119.*	10711. 4432.*	5954. -6435.*	813419. (2.5%)	1038252.	800.	153.	647.
W/O DEPRECIATION ALLOWANCE	21169. -533.*	7581. -2760.*	13180. 1343.*	1001434. (2.9%)	1283562.	960.	192.	768.
W/O INVESTMENT TAX CREDIT	21538. -1593.*	-5737. -7086.*	37183. 4713.*	1384780. (3.5%)	1854791.	1360.	265.	1095.
W/TAX WRITE-OFFS LIMITED TO 1M	60315. 24846.*	13552. 3243.*	46355. 20817.*	973728. (2.8%)	1218519.	920.	179.	741.
W/WRITE-OFFS TRUNCATED BY WEALTH	50798. 29299.*	10711. 4432.*	39679. 23984.*	813419. (2.5%)	1038252.	800.	153.	647.
W/WRITE-OFFS TRUNCATED BY INCOME	-3271. 7504.*	11656. 4338.*	-15336. 2263.*	822135. (2.5%)	1089746.	800.	153.	647.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	12664.	64.	12599.	82822.	134842.	360.	12.	33.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	5324. 3407.*	-64. -64.*	5067. 3229.*	195603. (4.3%)	194129.	-0.	32.	128.
W/O TAX INDEXING	5324. 3407.*	-64. -64.*	5067. 3229.*	195603. (4.3%)	194129.	-0.	32.	128.
W/HIGHER CONSUMPTION	3389. 3998.*	-64. -64.*	3045. 3668.*	33619. (1.2%)	-18401.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	2954. 3515.*	-64. -64.*	2610. 2976.*	169170. (3.9%)	183493.	-0.	24.	96.
W/O DEPRECIATION ALLOWANCE	4939. 3769.*	1068. 482.*	3463. 2503.*	109467. (3.0%)	48261.	-0.	8.	32.
W/O INVESTMENT TAX CREDIT	5324. 3407.*	-64. -64.*	12599. 3229.*	195603. (4.3%)	194129.	-0.	32.	128.
W/TAX WRITE-OFFS LIMITED TO 1M	12906. 6309.*	-64. -64.*	12562. 6012.*	189593. (4.2%)	192053.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY WEALTH	5324. 3407.*	-64. -64.*	5067. 3229.*	195603. (4.3%)	194129.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY INCOME	5324. 3407.*	-64. -64.*	5067. 3229.*	195603. (4.3%)	194129.	-0.	32.	128.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	17623.	466.	17157.	69141.	69141.	360.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-1547. -1819.*	-466. -466.*	-1153. -1542.*	174916. (4.5%)	240398.	-0.	32.	128.
W/O TAX INDEXING	-1547. -1819.*	-466. -466.*	-1153. -1542.*	174916. (4.5%)	240398.	-0.	32.	128.
W/HIGHER CONSUMPTION	-4414. -1647.*	-466. -466.*	-4167. -1523.*	-19479. (-1.2%)	-19479.	0.	0.	0.
W/O INTEREST WRITE-OFF	-1390. -1622.*	-466. -466.*	-1333. -1685.*	145586. (4.0%)	188874.	-0.	24.	96.
W/O DEPRECIATION ALLOWANCE	-2344. -1679.*	-605. -785.*	-2146. -1728.*	58618. (2.2%)	65963.	-0.	8.	32.
W/O INVESTMENT TAX CREDIT	-1547. -1819.*	-466. -466.*	17157. -1542.*	174916. (4.5%)	240398.	-0.	32.	128.
W/TAX WRITE-OFFS LIMITED TO 1M	5103. 860.*	-466. -466.*	5161. 961.*	155411. (4.2%)	195184.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY WEALTH	-1547. -1819.*	-466. -466.*	-1153. -1542.*	174916. (4.5%)	240398.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY INCOME	-1547. -1819.*	-466. -466.*	-1153. -1542.*	174916. (4.5%)	240398.	-0.	32.	128.

TABLE XXI

RESULTS OF SIMULATION RUNS AT 6% FOR THE NEBRASKA TYPICAL FARM

STATE NAME: NEBRASKA
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	84397.	25228.	59169.	1705060.	1705060.	640.	640.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	80740. 15306.*	21159. -6835.*	57567. 20317.*	2994635. (3.6%)	4320643.	2080.	254.	1826.
W/O TAX INDEXING	77339. 18376.*	49928. 7582.*	25397. 8970.*	2288717. (3.0%)	2956710.	1400.	207.	1193.
W/HIGHER CONSUMPTION	13730. 3774.*	2766. -2729.*	8949. 4678.*	515774. (0.9%)	644465.	360.	62.	298.
W/O INTEREST WRITE-OFF	34472. 9590.*	33942. 21219.*	-1484. -13454.*	1153265. (1.8%)	1601752.	800.	134.	666.
W/O DEPRECIATION ALLOWANCE	61048. 13483.*	35088. 5237.*	23946. 6421.*	1895462. (2.6%)	2512528.	1200.	155.	1045.
W/O INVESTMENT TAX CREDIT	76863. 15502.*	24871. -3621.*	57961. 17298.*	2732782. (3.4%)	3869928.	1880.	246.	1634.
W/TAX WRITE-OFFS LIMITED TO 1M	87360. 55960.*	40281. 22615.*	45065. 31520.*	1448181. (2.1%)	1870509.	920.	35.	885.
W/WRITE-OFFS TRUNCATED BY WEALTH	74836. 50886.*	33942. 21219.*	38880. 27842.*	1153265. (1.8%)	1601752.	800.	134.	666.
W/WRITE-OFFS TRUNCATED BY INCOME	-26109. -7654.*	33942. 21243.*	-62065. -30721.*	1152548. (1.8%)	1601589.	800.	130.	669.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	16656.	371.	16285.	101042.	210824.	640.	17.	49.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	6729. 4889.*	-371. -371.*	6307. 4563.*	219458. (4.1%)	195952.	-0.	16.	64.
W/O TAX INDEXING	7929. 5052.*	1399. -132.*	5578. 4468.*	206936. (3.9%)	123719.	-0.	8.	32.
W/HIGHER CONSUMPTION	6145. 4999.*	-371. -371.*	5647. 4628.*	-20522. (-0.8%)	-130305.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	7505. 4936.*	-94. -227.*	6454. 4010.*	182742. (3.6%)	104228.	-0.	8.	32.
W/O DEPRECIATION ALLOWANCE	6145. 4999.*	1656. 885.*	2641. 2403.*	66716. (1.8%)	-43067.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	7722. 4991.*	672. -18.*	16285. 4296.*	198857. (3.8%)	117932.	-0.	8.	32.
W/TAX WRITE-OFFS LIMITED TO 1M	14494. 6043.*	590. -263.*	12482. 5514.*	211174. (4.0%)	191765.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY WEALTH	6729. 4889.*	-371. -371.*	6307. 4563.*	219458. (4.1%)	195952.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY INCOME	6729. 4889.*	-371. -371.*	6307. 4563.*	219458. (4.1%)	195952.	-0.	16.	64.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	20578.	688.	19889.	66754.	66754.	640.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-88. -828.*	-688. -688.*	41. -666.*	130538. (3.8%)	182783.	-0.	16.	64.
W/O TAX INDEXING	-88. -828.*	-688. -688.*	41. -666.*	130538. (3.8%)	182783.	-0.	16.	64.
W/HIGHER CONSUMPTION	-3736. -1082.*	-688. -688.*	-3433. -961.*	-131696. (****%)	-131696.	0.	0.	0.
W/O INTEREST WRITE-OFF	-1221. -718.*	-688. -688.*	-1195. -769.*	102745. (3.3%)	121184.	-0.	8.	32.
W/O DEPRECIATION ALLOWANCE	-3736. -1082.*	-1078. -885.*	-4022. -1732.*	-27966. (-1.7%)	-27966.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	-1221. -718.*	-667. -774.*	19741. -503.*	107493. (3.4%)	125933.	-0.	8.	32.
W/TAX WRITE-OFFS LIMITED TO 1M	4614. 132.*	-688. -688.*	4362. 216.*	127926. (3.8%)	180171.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY WEALTH	-88. -828.*	-688. -688.*	41. -666.*	130538. (3.8%)	182783.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY INCOME	-88. -828.*	-688. -688.*	41. -666.*	130538. (3.8%)	182783.	-0.	16.	64.

TABLE XXII

RESULTS OF SIMULATION RUNS AT 12% FOR THE NEBRASKA TYPICAL FARM

STATE NAME: NEBRASKA
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	84397.	25096.	59301.	1707824.	1707824.	640.	640.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	43091. -6901.*	-1141. -16066.*	43824. 8280.*	3278324. (3.8%)	4317025.	2120.	398.	1722.
W/O TAX INDEXING	14851. -5040.*	-25096. -8157.*	39539. 2233.*	2774196. (3.4%)	3861997.	1920.	368.	1552.
W/HIGHER CONSUMPTION	4064. -2942.*	-2963. -5927.*	6618. 2102.*	566859. (1.0%)	752444.	400.	80.	320.
W/O INTEREST WRITE-OFF	23719. -814.*	33238. 18057.*	-9927. -19754.*	1273865. (1.9%)	1606737.	840.	166.	674.
W/O DEPRECIATION ALLOWANCE	38269. -2156.*	20323. -3712.*	17538. 672.*	2249144. (2.9%)	2874674.	1400.	272.	1128.
W/O INVESTMENT TAX CREDIT	38014. -5661.*	1088. -13092.*	58093. 6547.*	3047074. (3.6%)	4036123.	1960.	378.	1582.
W/TAX WRITE-OFFS LIMITED TO 1M	90349. 43452.*	41691. 16986.*	48251. 25582.*	1610147. (2.3%)	1962427.	1000.	184.	816.
W/WRITE-OFFS TRUNCATED BY WEALTH	73650. 44588.*	33238. 18057.*	40004. 25648.*	1273865. (1.9%)	1606737.	840.	166.	674.
W/WRITE-OFFS TRUNCATED BY INCOME	-46891. -14178.*	33238. 18085.*	-80537. -33147.*	1276176. (1.9%)	1602381.	840.	166.	674.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	15855.	306.	15549.	80038.	129578.	640.	8.	22.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	4605. 3303.*	-306. -306.*	4502. 3111.*	126113. (3.3%)	96367.	-0.	8.	32.
W/O TAX INDEXING	4605. 3303.*	1062. -193.*	3135. 2998.*	122273. (3.3%)	92526.	-0.	8.	32.
W/HIGHER CONSUMPTION	3399. 3907.*	-306. -306.*	3296. 3652.*	-96723. (36.4%)	-146263.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	4605. 3303.*	-306. -306.*	4502. 2905.*	114801. (3.1%)	85054.	-0.	8.	32.
W/O DEPRECIATION ALLOWANCE	3399. 3907.*	989. 654.*	2002. 2417.*	34072. (1.2%)	-15468.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	4605. 3303.*	14. -252.*	15549. 3057.*	123954. (3.3%)	94207.	-0.	8.	32.
W/TAX WRITE-OFFS LIMITED TO 1M	7574. 5242.*	-306. -306.*	7471. 4998.*	124029. (3.3%)	94282.	-0.	8.	32.
W/WRITE-OFFS TRUNCATED BY WEALTH	4605. 3303.*	-306. -306.*	4502. 3111.*	126113. (3.3%)	96367.	-0.	8.	32.
W/WRITE-OFFS TRUNCATED BY INCOME	4605. 3303.*	-306. -306.*	4502. 3111.*	126113. (3.3%)	96367.	-0.	8.	32.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	20578.	688.	19889.	61142.	61142.	640.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-1899. -1882.*	-688. -688.*	-1619. -1663.*	79889. (2.8%)	93500.	-0.	8.	32.
W/O TAX INDEXING	-1899. -1882.*	-436. -679.*	-1871. -1673.*	79567. (2.7%)	93178.	-0.	8.	32.
W/HIGHER CONSUMPTION	-4032. -1469.*	-688. -688.*	-3706. -1316.*	-147695. (9.5%)	-147695.	0.	0.	0.
W/O INTEREST WRITE-OFF	-1899. -1882.*	-688. -688.*	-1619. -1797.*	74124. (2.6%)	87735.	-0.	8.	32.
W/O DEPRECIATION ALLOWANCE	-4032. -1469.*	-1109. -960.*	-3331. -1363.*	-17258. (-1.0%)	-17258.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	-1899. -1882.*	-746. -790.*	19775. -1562.*	79211. (2.7%)	92822.	-0.	8.	32.
W/TAX WRITE-OFFS LIMITED TO 1M	143. -349.*	-688. -688.*	423. -204.*	76888. (2.7%)	90499.	-0.	8.	32.
W/WRITE-OFFS TRUNCATED BY WEALTH	-1899. -1882.*	-688. -688.*	-1619. -1663.*	79889. (2.8%)	93500.	-0.	8.	32.
W/WRITE-OFFS TRUNCATED BY INCOME	-1899. -1882.*	-688. -688.*	-1619. -1663.*	79889. (2.8%)	93500.	-0.	8.	32.

TABLE XXIII

RESULTS OF SIMULATION RUNS AT 6% FOR THE NORTH DAKOTA TYPICAL FARM

STATE FARM: NORTH DAKOTA
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	65084.	12863.	52221.	1123920.	1123920.	990.	990.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	93891. 27762.*	-9818. -11640.*	101695. 37737.*	2708709. (4.4%)	4393501.	6080.	642.	5437.
W/O TAX INDEXING	97633. 28628.*	15066. -6792.*	80553. 33753.*	2520461. (4.2%)	3809995.	5240.	563.	4677.
W/HIGHER CONSUMPTION	12285. 4489.*	-606. -4364.*	10877. 7029.*	235964. (0.7%)	292680.	640.	90.	550.
W/O INTEREST WRITE-OFF	44763. 15407.*	25120. 14815.*	17629. -1233.*	1066293. (2.3%)	1567796.	2320.	277.	2043.
W/O DEPRECIATION ALLOWANCE	54544. 18673.*	27684. 6396.*	24846. 10453.*	1181724. (2.6%)	1574553.	2320.	267.	2053.
W/O INVESTMENT TAX CREDIT	91973. 27590.*	3778. -8025.*	50621. 33904.*	2487077. (4.1%)	3878794.	5360.	573.	4787.
W/TAX WRITE-OFFS LIMITED TO 1M	105815. 61820.*	30735. 14395.*	73066. 45692.*	1368533. (2.8%)	1856771.	2720.	206.	2514.
W/WRITE-OFFS TRUNCATED BY WEALTH	89898. 58810.*	25120. 14815.*	62765. 42170.*	1066293. (2.3%)	1567796.	2320.	277.	2043.
W/WRITE-OFFS TRUNCATED BY INCOME	-25840. -636.*	25120. 14816.*	-52973. -17277.*	1067030. (2.3%)	1567857.	2360.	276.	2084.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	18023.	164.	17859.	165578.	371536.	990.	87.	260.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	35176. 14235.*	-76. -76.*	34317. 13932.*	861395. (7.1%)	1168553.	1000.	211.	1429.
W/O TAX INDEXING	35176. 14235.*	-76. -76.*	34317. 13932.*	861395. (7.1%)	1168553.	1000.	211.	1429.
W/HIGHER CONSUMPTION	14154. 10069.*	95. -66.*	12836. 9287.*	130447. (2.4%)	-75512.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	29001. 13215.*	6808. 2318.*	20099. 9119.*	617157. (5.5%)	717826.	360.	153.	847.
W/O DEPRECIATION ALLOWANCE	24619. 12026.*	7434. 2926.*	15171. 7330.*	505981. (5.5%)	557094.	160.	119.	681.
W/O INVESTMENT TAX CREDIT	40142. 15524.*	1446. 42.*	17859. 15082.*	976758. (6.9%)	1326984.	1200.	215.	1625.
W/TAX WRITE-OFFS LIMITED TO 1M	67209. 31598.*	10615. 3758.*	54579. 26729.*	770436. (6.2%)	907534.	600.	161.	1079.
W/WRITE-OFFS TRUNCATED BY WEALTH	66707. 22672.*	6463. 643.*	57730. 21191.*	935577. (6.8%)	1227209.	1000.	202.	1438.
W/WRITE-OFFS TRUNCATED BY INCOME	30685. 23841.*	9657. 3728.*	19014. 18706.*	713075. (5.9%)	843515.	520.	162.	998.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	25483.	768.	24715.	103911.	103911.	990.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	30353. 8274.*	-681. -681.*	30565. 8826.*	957740. (9.4%)	1573939.	1200.	256.	1904.
W/O TAX INDEXING	30353. 8274.*	-681. -681.*	30565. 8826.*	957740. (9.4%)	1573939.	1200.	256.	1904.
W/HIGHER CONSUMPTION	-4383. -1337.*	-681. -681.*	-4028. -1184.*	-76623. (8.0%)	-76623.	0.	0.	0.
W/O INTEREST WRITE-OFF	27086. 8127.*	8475. 2466.*	16597. 3923.*	757436. (7.6%)	1154485.	640.	212.	1388.
W/O DEPRECIATION ALLOWANCE	19663. 5610.*	5426. 311.*	12223. 3504.*	579101. (7.8%)	901425.	280.	175.	1065.
W/O INVESTMENT TAX CREDIT	33984. 9507.*	-783. -1038.*	24418. 10392.*	1059138. (8.7%)	1733246.	1400.	286.	2074.
W/TAX WRITE-OFFS LIMITED TO 1M	68126. 29295.*	9933. 2934.*	56179. 25263.*	846250. (8.0%)	1250816.	760.	226.	1494.
W/WRITE-OFFS TRUNCATED BY WEALTH	65951. 17259.*	4834. -248.*	59103. 16854.*	1021589. (8.6%)	1602472.	1200.	273.	1887.
W/WRITE-OFFS TRUNCATED BY INCOME	32490. 22643.*	8949. 2572.*	21527. 18383.*	774816. (7.7%)	1185508.	640.	210.	1390.

TABLE XXIV

RESULTS OF SIMULATION RUNS AT 12% FOR THE NORTH DAKOTA TYPICAL FARM

STATE NAME: NORTH DAKOTA
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	65084.	12748.	52336.	1126269.	1126269.	990.	990.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	47595. 4306.*	-12230. -11787.*	59417. 15304.*	2468064. (4.1%)	3435229.	4880.	801.	4079.
W/O TAX INDEXING	50661. 4800.*	-5942. -10680.*	56195. 14693.*	2426331. (4.1%)	3337682.	4760.	785.	3975.
W/HIGHER CONSUMPTION	8353. -747.*	-2449. -5868.*	10394. 4237.*	213755. (0.6%)	263533.	640.	125.	515.
W/O INTEREST WRITE-OFF	32673. 4647.*	23612. 11244.*	8653. -7481.*	1141834. (2.4%)	1501082.	2320.	442.	1878.
W/O DEPRECIATION ALLOWANCE	43504. 6435.*	20439. -70.*	22657. 5621.*	1386942. (2.9%)	1768302.	2640.	500.	2140.
W/O INVESTMENT TAX CREDIT	49456. 4762.*	-10135. -12121.*	50736. 16066.*	2441245. (4.1%)	3372420.	4800.	798.	4002.
W/TAX WRITE-OFFS LIMITED TO 1N	102476. 47297.*	29171. 10180.*	72897. 36297.*	1398871. (2.8%)	1788726.	2688.	476.	2204.
W/WRITE-OFFS TRUNCATED BY WEALTH	86560. 48956.*	23612. 11244.*	62540. 36827.*	1141834. (2.4%)	1501082.	2320.	442.	1878.
W/WRITE-OFFS TRUNCATED BY INCOME	11009. 6807.*	23612. 11250.*	-13010. -5327.*	1142776. (2.4%)	1501197.	2320.	435.	1885.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	15885.	0.	15885.	127766.	227287.	990.	42.	125.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	18600. 8737.*	0. 0.*	18600. 8656.*	649777. (7.2%)	812271.	360.	232.	928.
W/O TAX INDEXING	18600. 8737.*	0. 0.*	18600. 8656.*	649777. (7.2%)	812271.	360.	232.	928.
W/HIGHER CONSUMPTION	10153. 8948.*	0. 0.*	9745. 8439.*	6297. (0.2%)	-93224.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	19651. 9256.*	5716. 1509.*	13527. 6947.*	612456. (6.3%)	744363.	246.	205.	835.
W/O DEPRECIATION ALLOWANCE	16966. 8643.*	3756. 1367.*	12802. 6451.*	459487. (6.1%)	526765.	-0.	158.	642.
W/O INVESTMENT TAX CREDIT	20853. 9066.*	0. 0.*	15885. 8991.*	762519. (6.9%)	968947.	560.	266.	1094.
W/TAX WRITE-OFFS LIMITED TO 1N	57902. 25195.*	6529. 1746.*	50965. 23056.*	663179. (6.5%)	806696.	320.	224.	896.
W/WRITE-OFFS TRUNCATED BY WEALTH	53512. 14886.*	3486. 268.*	49619. 14408.*	747955. (6.9%)	934728.	520.	257.	1063.
W/WRITE-OFFS TRUNCATED BY INCOME	30233. 20445.*	6529. 1726.*	23295. 18270.*	659966. (6.5%)	805105.	320.	224.	896.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	25483.	768.	24715.	104478.	104478.	990.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	10747. 424.*	-681. -681.*	11427. 1054.*	725748. (8.5%)	1023131.	480.	280.	1160.
W/O TAX INDEXING	10747. 424.*	-681. -681.*	11427. 1054.*	725748. (8.5%)	1023131.	456.	280.	1160.
W/HIGHER CONSUMPTION	-4775. -1849.*	-681. -681.*	-4388. -1654.*	-94793. (-9.4%)	-94793.	0.	0.	0.
W/O INTEREST WRITE-OFF	12001. 992.*	5555. 711.*	6038. -519.*	688950. (7.2%)	954398.	364.	261.	1059.
W/O DEPRECIATION ALLOWANCE	6268. 127.*	364. -1189.*	5496. 462.*	513798. (7.4%)	734926.	88.	207.	833.
W/O INVESTMENT TAX CREDIT	14292. 923.*	-1028. -1019.*	24454. 1883.*	833464. (7.9%)	1154448.	680.	320.	1320.
W/TAX WRITE-OFFS LIMITED TO 1N	53585. 19697.*	5971. 997.*	47207. 18288.*	737762. (7.5%)	991536.	440.	274.	1126.
W/WRITE-OFFS TRUNCATED BY WEALTH	50169. 7542.*	2917. -509.*	46844. 7861.*	820222. (7.8%)	1146952.	600.	302.	1258.
W/WRITE-OFFS TRUNCATED BY INCOME	24458. 14854.*	5971. 891.*	18079. 13381.*	724081. (7.4%)	987782.	400.	269.	1091.

TABLE XXV

RESULTS OF SIMULATION RUNS AT 6% FOR THE GEORGIA TYPICAL FARM

STATE NAME: GEORGIA
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	55309.	10597.	44712.	991790.	991790.	580.	580.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	68547. 18186.*	-2870. -8789.*	69403. 25237.*	2235924. (4.2%)	3540591.	928.	348.	2692.
W/O TAX INDEXING	73031. 19499.*	23018. -2098.*	47198. 19853.*	1957375. (3.8%)	2768518.	2400.	287.	2113.
W/HIGHER CONSUMPTION	9685. 3459.*	-795. -3260.*	8466. 4894.*	269396. (0.9%)	364514.	400.	67.	332.
W/O INTEREST WRITE-OFF	34101. 10787.*	20691. 12153.*	11396. -3190.*	902281. (2.3%)	1288144.	1200.	170.	1030.
W/O DEPRECIATION ALLOWANCE	46164. 14071.*	22519. 4235.*	21630. 8012.*	1147804. (2.7%)	1547539.	1400.	185.	1215.
W/O INVESTMENT TAX CREDIT	64175. 17520.*	5159. -5236.*	43508. 20976.*	1971704. (3.9%)	3029147.	2600.	307.	2293.
W/TAX WRITE-OFFS LIMITED TO 1M	82140. 47095.*	25665. 11728.*	54461. 33610.*	1169945. (2.7%)	1546737.	1400.	116.	1284.
W/WRITE-OFFS TRUNCATED BY WEALTH	68829. 45573.*	20691. 12153.*	46123. 31596.*	902281. (2.3%)	1288144.	1200.	170.	1030.
W/WRITE-OFFS TRUNCATED BY INCOME	22892. 9976.*	20691. 12104.*	187. -3952.*	905342. (2.3%)	1288785.	1200.	174.	1026.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	15052.	244.	14808.	112883.	241877.	580.	34.	102.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	15054. 7329.*	-244. -244.*	14642. 7043.*	428378. (5.6%)	577559.	80.	92.	428.
W/O TAX INDEXING	15054. 7329.*	-244. -244.*	14642. 7043.*	428378. (5.6%)	577559.	80.	92.	428.
W/HIGHER CONSUMPTION	8143. 6126.*	-244. -244.*	7483. 5664.*	71191. (1.7%)	-57805.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	13271. 6924.*	1524. 351.*	9953. 5175.*	293869. (4.5%)	285374.	-0.	56.	224.
W/O DEPRECIATION ALLOWANCE	9339. 6259.*	2487. 1248.*	4877. 3318.*	156248. (3.0%)	43541.	-0.	8.	32.
W/O INVESTMENT TAX CREDIT	14508. 7380.*	83. -126.*	14808. 6967.*	421425. (5.5%)	576672.	90.	91.	429.
W/TAX WRITE-OFFS LIMITED TO 1M	32103. 12043.*	2926. 459.*	27162. 10651.*	371661. (5.2%)	425130.	-0.	72.	289.
W/WRITE-OFFS TRUNCATED BY WEALTH	18136. 7435.*	-244. -244.*	17474. 7141.*	428106. (5.6%)	577287.	80.	92.	428.
W/WRITE-OFFS TRUNCATED BY INCOME	31429. 12146.*	2711. 516.*	26704. 10623.*	365841. (5.1%)	422191.	-0.	69.	291.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	19731.	623.	19108.	74433.	74433.	580.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	9630. 2612.*	-623. -623.*	9859. 2875.*	426554. (6.8%)	724749.	90.	110.	530.
W/O TAX INDEXING	9630. 2612.*	-623. -623.*	9859. 2875.*	426554. (6.8%)	724749.	90.	110.	530.
W/HIGHER CONSUMPTION	-3467. -1017.*	-623. -623.*	-3186. -901.*	-58478. (-6.0%)	-58478.	0.	0.	0.
W/O INTEREST WRITE-OFF	8175. 2224.*	944. -275.*	5405. 1251.*	311164. (5.8%)	477620.	-0.	84.	356.
W/O DEPRECIATION ALLOWANCE	1504. 148.*	34. -647.*	-250. -742.*	105196. (3.1%)	138789.	-0.	24.	96.
W/O INVESTMENT TAX CREDIT	9622. 2609.*	-658. -656.*	19074. 2906.*	426503. (6.8%)	724778.	80.	110.	530.
W/TAX WRITE-OFFS LIMITED TO 1M	28480. 8511.*	1839. -83.*	24627. 7725.*	372572. (6.4%)	572521.	-0.	96.	424.
W/WRITE-OFFS TRUNCATED BY WEALTH	9630. 2612.*	-623. -623.*	9859. 2875.*	426554. (6.8%)	724749.	90.	110.	530.
W/WRITE-OFFS TRUNCATED BY INCOME	28351. 9095.*	1798. -109.*	24539. 8228.*	358303. (6.3%)	569654.	-0.	92.	388.

TABLE XXVI

RESULTS OF SIMULATION RUNS AT 12% FOR THE GEORGIA TYPICAL FARM

STATE NAME: GEORGIA
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FARM SIZE FULL-EQUITY	FARM SIZE MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	55309.	10496.	44813.	993748.	993749.	580.	580.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	33832. 410.*	-10496. -10094.*	43920. 9643.*	2116431. (4.0%)	2909812.	2560.	453.	2107.
W/O TAX INDEXING	43522. 2129.*	-10496. -6394.*	53610. 7663.*	1967219. (3.8%)	2571762.	2400.	423.	1977.
W/HIGHER CONSUMPTION	7850. -1162.*	-1574. -4775.*	9016. 2729.*	286158. (0.9%)	347585.	440.	86.	354.
W/O INTEREST WRITE-OFF	23999. 1996.*	20037. 9499.*	3554. -8387.*	972655. (2.4%)	1263641.	1200.	236.	964.
W/O DEPRECIATION ALLOWANCE	30953. 2711.*	13253. -1460.*	17293. 3287.*	1330976. (3.0%)	1735334.	1560.	308.	1252.
W/O INVESTMENT TAX CREDIT	32085. 1350.*	-6497. -8665.*	43609. 9136.*	1968964. (3.8%)	2702997.	2400.	445.	1955.
W/TAX WRITE-OFFS LIMITED TO 1M	80958. 35684.*	24984. 8311.*	55566. 26513.*	1207704. (2.8%)	1525012.	1400.	262.	1138.
W/WRITE-OFFS TRUNCATED BY WEALTH	67647. 38523.*	20037. 9499.*	47202. 28140.*	972655. (2.4%)	1263641.	1200.	236.	964.
W/WRITE-OFFS TRUNCATED BY INCOME	38427. 8297.*	20037. 9417.*	17983. -2004.*	978832. (2.4%)	1269213.	1208.	236.	964.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	14209.	176.	14034.	87970.	145168.	580.	15.	45.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	7389. 4235.*	-176. -176.*	7194. 4074.*	261847. (4.9%)	293998.	-0.	56.	224.
W/O TAX INDEXING	7389. 4235.*	-176. -176.*	7194. 4074.*	261847. (4.9%)	293998.	-0.	56.	224.
W/HIGHER CONSUMPTION	4818. 4803.*	-176. -176.*	4585. 4468.*	-14475. (-0.6%)	-71673.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	6421. 4259.*	180. -141.*	5833. 3704.*	221589. (4.4%)	242446.	-0.	48.	192.
W/O DEPRECIATION ALLOWANCE	5252. 4376.*	1136. 655.*	3707. 2899.*	142449. (3.4%)	135603.	-0.	24.	96.
W/O INVESTMENT TAX CREDIT	7389. 4235.*	-176. -176.*	14034. 4074.*	261847. (4.9%)	293998.	-0.	56.	224.
W/TAX WRITE-OFFS LIMITED TO 1M	20791. 9224.*	516. -93.*	19868. 8865.*	251407. (4.8%)	288416.	-0.	48.	192.
W/WRITE-OFFS TRUNCATED BY WEALTH	7389. 4235.*	-176. -176.*	7194. 4074.*	261847. (4.9%)	293998.	-0.	56.	224.
W/WRITE-OFFS TRUNCATED BY INCOME	7389. 4235.*	-176. -176.*	7194. 4074.*	261847. (4.9%)	293998.	-0.	56.	224.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	19731.	623.	19108.	74739.	74739.	580.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	338. -1113.*	-623. -623.*	849. -763.*	268536. (5.4%)	383190.	-0.	64.	256.
W/O TAX INDEXING	338. -1113.*	-623. -623.*	849. -763.*	268536. (5.4%)	383190.	-0.	64.	256.
W/HIGHER CONSUMPTION	-3762. -1403.*	-623. -623.*	-3457. -1255.*	-72228. (****%)	-72228.	0.	0.	0.
W/O INTEREST WRITE-OFF	-191. -1120.*	-300. -611.*	-299. -1168.*	230578. (5.0%)	331012.	-0.	56.	224.
W/O DEPPECIATION ALLOWANCE	1103. -1268.*	-36. -947.*	731. -1173.*	118475. (3.4%)	139285.	-0.	32.	128.
W/O INVESTMENT TAX CREDIT	338. -1113.*	-624. -624.*	19107. -762.*	268534. (5.4%)	383189.	-0.	64.	256.
W/TAX WRITE-OFFS LIMITED TO 1M	14874. 4127.*	-300. -588.*	14766. 4273.*	253168. (5.2%)	338829.	-0.	64.	256.
W/WRITE-OFFS TRUNCATED BY WEALTH	338. -1113.*	-623. -623.*	849. -763.*	268536. (5.4%)	383190.	-0.	64.	256.
W/WRITE-OFFS TRUNCATED BY INCOME	17536. -520.*	54. -599.*	17074. -283.*	267417. (5.4%)	382072.	-0.	64.	256.

TABLE XXVII

RESULTS OF SIMULATION RUNS AT 6% FOR THE SOUTH CAROLINA TYPICAL FARM

STATE NAME: SOUTH CAROLINA
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	35504.	6921.	28583.	514710.	514710.	320.	320.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	13939. -1991.*	-1460. -4723.*	13384. 1125.*	881623. (3.5%)	1284836.	1080.	145.	935.
W/O TAX INDEXING	17574. -769.*	13437. -481.*	2123. -1933.*	708810. (3.0%)	840969.	720.	103.	617.
W/HIGHER CONSUMPTION	789. -2588.*	-2236. -3323.*	1011. -1054.*	302873. (1.6%)	390870.	360.	67.	293.
W/O INTEREST WRITE-OFF	7000. -2021.*	5242. 2182.*	-256. -6027.*	494058. (2.3%)	666016.	560.	95.	465.
W/O DEPRECIATION ALLOWANCE	11957. -1528.*	3602. -2277.*	6341. -1075.*	678720. (2.9%)	924547.	760.	123.	637.
W/O INVESTMENT TAX CREDIT	12761. -1988.*	-299. -3874.*	28201. 249.*	815680. (3.3%)	1180723.	1000.	137.	863.
W/TAX WRITE-OFFS LIMITED TO 1N	31775. 9328.*	8675. 437.*	21086. 7267.*	675013. (2.9%)	866911.	720.	75.	645.
W/WRITE-OFFS TRUNCATED BY WEALTH	22549. 14944.*	5242. 2182.*	15292. 10838.*	494058. (2.3%)	666816.	560.	95.	465.
W/WRITE-OFFS TRUNCATED BY INCOME	11116. 8456.*	5242. 2080.*	3860. 4551.*	501634. (2.4%)	669890.	600.	103.	497.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	13431.	0.	13431.	69318.	168378.	320.	26.	77.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	6214. 4132.*	939. 511.*	4579. 3268.*	244198. (5.4%)	221902.	-0.	32.	128.
W/O TAX INDEXING	5968. 4088.*	4088. 1528.*	1127. 2185.*	184247. (4.6%)	113429.	-0.	16.	64.
W/HIGHER CONSUMPTION	3897. 4028.*	1040. 724.*	2194. 2894.*	115767. (3.5%)	16706.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	4587. 3954.*	-283. -68.*	4059. 3283.*	132467. (3.8%)	51361.	-0.	8.	32.
W/O DEPRECIATION ALLOWANCE	4830. 4015.*	1449. 901.*	2334. 2395.*	146003. (4.0%)	62196.	-0.	8.	32.
W/O INVESTMENT TAX CREDIT	6646. 4023.*	1394. 670.*	13113. 3001.*	214204. (5.0%)	161491.	-0.	24.	96.
W/TAX WRITE-OFFS LIMITED TO 1N	6214. 4132.*	939. 511.*	4579. 3268.*	244198. (5.4%)	221902.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY WEALTH	6214. 4132.*	939. 511.*	4579. 3268.*	244198. (5.4%)	221902.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY INCOME	6214. 4132.*	939. 511.*	4579. 3268.*	244198. (5.4%)	221902.	-0.	32.	128.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	17007.	843.	16164.	38738.	38738.	320.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-545. -497.*	-665. -640.*	-280. -85.*	190870. (6.4%)	269309.	-0.	40.	160.
W/O TAX INDEXING	-39. -768.*	1385. -96.*	-1903. -889.*	158078. (5.8%)	205264.	-0.	32.	128.
W/HIGHER CONSUMPTION	-5019. -1459.*	-799. -480.*	-4450. -1233.*	11440. (1.0%)	11440.	0.	0.	0.
W/O INTEREST WRITE-OFF	-978. -748.*	87. 104.*	-1740. -1393.*	119652. (5.0%)	151646.	-0.	24.	96.
W/O DEPRECIATION ALLOWANCE	-2549. -1216.*	-462. -497.*	-2827. -1302.*	79757. (4.0%)	103576.	-0.	16.	64.
W/O INVESTMENT TAX CREDIT	-224. -871.*	-275. -562.*	15782. -520.*	155675. (5.8%)	204912.	-0.	32.	128.
W/TAX WRITE-OFFS LIMITED TO 1N	-545. -497.*	-665. -640.*	-280. -85.*	190870. (6.4%)	269309.	-0.	40.	160.
W/WRITE-OFFS TRUNCATED BY WEALTH	-545. -497.*	-665. -640.*	-280. -85.*	190870. (6.4%)	269309.	-0.	40.	160.
W/WRITE-OFFS TRUNCATED BY INCOME	-545. -497.*	-665. -640.*	-280. -85.*	190870. (6.4%)	269309.	-0.	40.	160.

TABLE XXVIII

RESULTS OF SIMULATION RUNS AT 12% FOR THE SOUTH CAROLINA TYPICAL FARM

STATE NAME: SOUTH CAROLINA
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	35504.	6835.	28669.	515769.	515769.	320.	320.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	4347. -7740.*	-4403. -5793.*	8342. -2748.*	944159. (3.7%)	1232157.	1048.	205.	835.
W/O TAX INDEXING	9708. -5354.*	12534. -52.*	-3234. -6110.*	704706. (3.0%)	834145.	720.	142.	578.
W/HIGHER CONSUMPTION	-4288. -5609.*	-3920. -3960.*	-776. -2533.*	333660. (1.8%)	433187.	360.	72.	288.
W/O INTEREST WRITE-OFF	85. -5990.*	5922. 1625.*	-6245. -8499.*	552418. (2.5%)	715057.	600.	116.	484.
W/O DEPRECIATION ALLOWANCE	2977. -7038.*	-496. -4171.*	3064. -3750.*	790092. (3.3%)	1025715.	858.	171.	709.
W/O INVESTMENT TAX CREDIT	2272. -7685.*	-3650. -5123.*	28287. -3370.*	888257. (3.5%)	1174711.	1008.	193.	807.
W/TAX WRITE-OFFS LIMITED TO 1M	31400. 7503.*	8514. 166.*	22478. 6536.*	690866. (3.0%)	868630.	728.	141.	579.
W/WRITE-OFFS TRUNCATED BY WEALTH	24481. 12924.*	5922. 1625.*	18151. 10415.*	552418. (2.5%)	715057.	600.	116.	484.
W/WRITE-OFFS TRUNCATED BY INCOME	10395. 7630.*	5922. 1367.*	4065. 5393.*	574003. (2.6%)	725160.	648.	124.	516.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	12797.	0.	12797.	50600.	94562.	328.	12.	34.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	4928. 2506.*	672. 192.*	3848. 2140.*	195969. (5.6%)	175163.	-0.	32.	128.
W/O TAX INDEXING	2758. 2953.*	4716. 1926.*	-2366. 778.*	90568. (3.6%)	53477.	-0.	8.	32.
W/HIGHER CONSUMPTION	1482. 3190.*	432. 416.*	642. 2481.*	61093. (2.8%)	17130.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	2758. 2953.*	-246. -57.*	2596. 2528.*	114650. (4.2%)	77558.	-0.	8.	32.
W/O DEPRECIATION ALLOWANCE	2616. 2909.*	934. 646.*	1274. 1759.*	105064. (4.0%)	68917.	-0.	8.	32.
W/O INVESTMENT TAX CREDIT	3798. 2700.*	888. 446.*	12612. 2045.*	157766. (5.0%)	129118.	-0.	24.	96.
W/TAX WRITE-OFFS LIMITED TO 1M	8402. 4086.*	1407. 499.*	6586. 3377.*	183198. (5.4%)	162391.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY WEALTH	4928. 2506.*	672. 192.*	3848. 2140.*	195969. (5.6%)	175163.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY INCOME	4928. 2506.*	672. 192.*	3848. 2140.*	195969. (5.6%)	175163.	-0.	32.	128.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	17007.	797.	16209.	39005.	39005.	328.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-4051. -1943.*	-797. -642.*	-3408. -1462.*	162358. (5.8%)	216792.	-0.	32.	128.
W/O TAX INDEXING	-2112. -1757.*	3075. 556.*	-5575. -2505.*	91594. (4.3%)	102344.	-0.	16.	64.
W/HIGHER CONSUMPTION	-5112. -1581.*	-787. -493.*	-4548. -1332.*	7895. (0.7%)	7895.	0.	0.	0.
W/O INTEREST WRITE-OFF	-1843. -1578.*	-218. -109.*	-2033. -1595.*	111300. (4.6%)	120262.	-0.	16.	64.
W/O DEPRECIATION ALLOWANCE	-2892. -2042.*	-511. -639.*	-2789. -1883.*	78956. (4.0%)	94907.	-0.	16.	64.
W/O INVESTMENT TAX CREDIT	-1970. -1713.*	-402. -604.*	15828. -1305.*	122673. (5.1%)	132477.	-0.	24.	96.
W/TAX WRITE-OFFS LIMITED TO 1M	1807. -655.*	95. -424.*	1314. -447.*	151941. (5.7%)	169347.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY WEALTH	-4051. -1943.*	-797. -642.*	-3408. -1462.*	162358. (5.8%)	216792.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY INCOME	-4051. -1943.*	-797. -642.*	-3408. -1462.*	162358. (5.8%)	216792.	-0.	32.	128.

TABLE XXIX

RESULTS OF SIMULATION RUNS AT 6% FOR THE ARKANSAS TYPICAL FARM

STATE NAME: ARKANSAS
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FARM SIZE FULL-EQUITY	FARM SIZE MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	79178.	21347.	57831.	1414672.	1414672.	850.	850.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	74914. 22025.*	19365. -3349.*	53534. 23549.*	1967353. (3.0%)	2728964.	2200.	267.	1933.
W/O TAX INDEXING	63282. 21022.*	43412. 9021.*	17856. 10176.*	1367477. (2.3%)	1584898.	1280.	161.	1119.
W/HIGHER CONSUMPTION	-5770. -1877.*	-4288. -3386.*	-3496. -315.*	-82203. (-0.2%)	-59586.	80.	16.	64.
W/O INTEREST WRITE-OFF	31473. 10904.*	22164. 14948.*	7296. -5868.*	782117. (1.5%)	1064356.	960.	149.	811.
W/O DEPRECIATION ALLOWANCE	42785. 14335.*	23598. 5536.*	17173. 6974.*	990715. (1.8%)	1243470.	1080.	150.	930.
W/O INVESTMENT TAX CREDIT	66784. 20184.*	20590. -879.*	56448. 19239.*	1713690. (2.7%)	2341148.	1880.	255.	1625.
W/TAX WRITE-OFFS LIMITED TO 1M	68419. 47851.*	27448. 15835.*	38957. 30192.*	1004604. (1.8%)	1121080.	1080.	120.	960.
W/WRITE-OFFS TRUNCATED BY WEALTH	56875. 42031.*	22164. 14948.*	32697. 25259.*	782117. (1.5%)	1064356.	960.	149.	811.
W/WRITE-OFFS TRUNCATED BY INCOME	-30833. -9480.*	22163. 14962.*	-55011. -26267.*	781672. (1.5%)	1064180.	960.	146.	814.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	23240.	763.	22477.	73818.	123456.	850.	12.	36.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	597. 1701.*	-763. -763.*	548. 1602.*	-30688. (-1.8%)	-80325.	-0.	-0.	-0.
W/O TAX INDEXING	597. 1701.*	60. -684.*	-275. 1443.*	-36287. (-2.2%)	-85924.	-0.	-0.	-0.
W/HIGHER CONSUMPTION	597. 1701.*	-763. -763.*	548. 1602.*	-379746. (4.0%)	-429383.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	597. 1701.*	-763. -763.*	548. 1468.*	-38233. (-2.4%)	-87870.	-0.	-0.	-0.
W/O DEPRECIATION ALLOWANCE	597. 1701.*	-8. -229.*	-1326. 142.*	-104068. (****%)	-233705.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	597. 1701.*	-298. -468.*	22190. 1307.*	-56966. (-4.8%)	-106604.	-0.	-0.	-0.
W/TAX WRITE-OFFS LIMITED TO 1M	597. 1709.*	-763. -763.*	548. 1610.*	-30710. (-1.8%)	-80347.	-0.	-0.	-0.
W/WRITE-OFFS TRUNCATED BY WEALTH	597. 1701.*	-763. -763.*	548. 1602.*	-30688. (-1.8%)	-80325.	-0.	-0.	-0.
W/WRITE-OFFS TRUNCATED BY INCOME	597. 1701.*	-763. -763.*	548. 1602.*	-30688. (-1.8%)	-80325.	-0.	-0.	-0.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	25040.	909.	24132.	59023.	59023.	850.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-3871. -1048.*	-909. -909.*	-3557. -924.*	-81188. (****%)	-81188.	0.	0.	0.
W/O TAX INDEXING	-3871. -1048.*	-909. -907.*	-3557. -925.*	-81237. (****%)	-81237.	0.	0.	0.
W/HIGHER CONSUMPTION	-3871. -1048.*	-909. -909.*	-3557. -924.*	-429643. (8.6%)	-429643.	0.	0.	0.
W/O INTEREST WRITE-OFF	-3871. -1048.*	-909. -909.*	-3557. -924.*	-81188. (****%)	-81188.	0.	0.	0.
W/O DEPRECIATION ALLOWANCE	-3871. -1048.*	-1394. -1139.*	-4191. -1642.*	-226155. (16.2%)	-226155.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	-3871. -1048.*	-1197. -1072.*	23549. -761.*	-101891. (-8.4%)	-101891.	0.	0.	0.
W/TAX WRITE-OFFS LIMITED TO 1M	-3871. -1048.*	-909. -909.*	-3557. -924.*	-81188. (****%)	-81188.	0.	0.	0.
W/WRITE-OFFS TRUNCATED BY WEALTH	-3871. -1048.*	-909. -909.*	-3557. -924.*	-81188. (****%)	-81188.	0.	0.	0.
W/WRITE-OFFS TRUNCATED BY INCOME	-3871. -1048.*	-909. -909.*	-3557. -924.*	-81188. (****%)	-81188.	0.	0.	0.

TABLE XXX

RESULTS OF SIMULATION RUNS AT 12% FOR THE ARKANSAS TYPICAL FARM

STATE NAME: ARKANSAS
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGE
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	79178.	21220.	57958.	1451430.	1451430.	850.	850.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	47393. 4423.*	1961. -10513.*	45024. 14052.*	2183898. (3.2%)	2873020.	2320.	438.	1882.
W/O TAX INDEXING	18663. 3345.*	-21220. -2813.*	39475. 5274.*	1705039. (2.7%)	2431764.	2040.	381.	1659.
W/HIGHER CONSUMPTION	-7067. -4452.*	-4899. -4618.*	-2577. -718.*	-98629. (-0.2%)	-83449.	90.	16.	64.
W/O INTEREST WRITE-OFF	23642. 2477.*	22696. 12396.*	538. -10803.*	866394. (1.6%)	1098145.	1000.	197.	803.
W/O DEPRECIATION ALLOWANCE	33376. 4125.*	17431. -238.*	15537. 3479.*	1218579. (2.1%)	1539366.	1320.	261.	1059.
W/O INVESTMENT TAX CREDIT	44623. 4052.*	5869. -8153.*	56576. 11321.*	1981942. (3.0%)	2593325.	2120.	390.	1730.
W/TAX WRITE-OFFS LIMITED TO 1M	72835. 36115.*	29302. 11239.*	43125. 23992.*	1112199. (2.0%)	1369579.	1200.	219.	981.
W/WRITE-OFFS TRUNCATED BY WEALTH	58405. 36579.*	22696. 12396.*	35300. 23299.*	866394. (1.6%)	1098145.	1000.	197.	803.
W/WRITE-OFFS TRUNCATED BY INCOME	28163. -6647.*	22696. 12402.*	5058. -19932.*	868071. (1.6%)	1096585.	1000.	197.	803.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	22937.	738.	22198.	65196.	87369.	850.	6.	16.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-884. 917.*	-738. -738.*	-553. 954.*	-84651. (****%)	-106824.	-0.	-0.	0.
W/O TAX INDEXING	-884. 917.*	931. -285.*	-2223. 501.*	-101731. (7.5%)	-123904.	-0.	-0.	0.
W/HIGHER CONSUMPTION	-884. 917.*	-738. -738.*	-553. 954.*	-432267. (17.3%)	-454440.	-0.	-0.	0.
W/O INTEREST WRITE-OFF	-884. 917.*	-738. -738.*	-553. 897.*	-88258. (-3.9%)	-110431.	-0.	-0.	0.
W/O DEPRECIATION ALLOWANCE	-884. 917.*	-381. -426.*	-911. 487.*	-191843. (-0.9%)	-214016.	-0.	-0.	0.
W/O INVESTMENT TAX CREDIT	-884. 917.*	-527. -579.*	21993. 795.*	-101886. (4.2%)	-124059.	-0.	-0.	0.
W/TAX WRITE-OFFS LIMITED TO 1M	-884. 965.*	-738. -738.*	-553. 1002.*	-84651. (****%)	-106824.	-0.	-0.	0.
W/WRITE-OFFS TRUNCATED BY WEALTH	-884. 917.*	-738. -738.*	-553. 954.*	-84651. (****%)	-106824.	-0.	-0.	0.
W/WRITE-OFFS TRUNCATED BY INCOME	-884. 917.*	-738. -738.*	-553. 954.*	-84651. (****%)	-106824.	-0.	-0.	0.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	25040.	909.	24132.	59102.	59102.	850.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-4210. -1490.*	-909. -909.*	-3709. -1299.*	-110572. (5.1%)	-110572.	0.	0.	0.
W/O TAX INDEXING	-4210. -1490.*	-34. -706.*	-4584. -1501.*	-118174. (-3.1%)	-118174.	0.	0.	0.
W/HIGHER CONSUMPTION	-4210. -1490.*	-909. -909.*	-3709. -1290.*	-455565. (10.8%)	-455565.	0.	0.	0.
W/O INTEREST WRITE-OFF	-4210. -1490.*	-909. -909.*	-3709. -1298.*	-110572. (5.1%)	-110572.	0.	0.	0.
W/O DEPRECIATION ALLOWANCE	-4210. -1490.*	-1442. -1242.*	-3176. -1110.*	-215213. (2.3%)	-215213.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	-4210. -1490.*	-1225. -1133.*	23590. -1073.*	-126714. (18.7%)	-126714.	0.	0.	0.
W/TAX WRITE-OFFS LIMITED TO 1M	-4210. -1490.*	-909. -909.*	-3709. -1298.*	-110572. (5.1%)	-110572.	0.	0.	0.
W/WRITE-OFFS TRUNCATED BY WEALTH	-4210. -1490.*	-909. -909.*	-3709. -1298.*	-110572. (5.1%)	-110572.	0.	0.	0.
W/WRITE-OFFS TRUNCATED BY INCOME	-4210. -1490.*	-909. -909.*	-3709. -1298.*	-110572. (5.1%)	-110572.	0.	0.	0.

TABLE XXXI

RESULTS OF SIMULATION RUNS AT 6% FOR THE MISSISSIPPI TYPICAL FARM

STATE NAME: MISSISSIPPI
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FARM SIZE FULL-EQUITY	FARM SIZE MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	84374.	19846.	64528.	1585739.	1585739.	980.	980.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	107368. 26807.*	-11490. -17604.*	116844. 42672.*	3610613. (4.2%)	5811531.	4920.	517.	4403.
W/O TAX INDEXING	114779. 28478.*	21040. -10594.*	91725. 37335.*	3334477. (4.0%)	4972934.	4200.	450.	3750.
W/HIGHER CONSUMPTION	10414. 2939.*	-1229. -5435.*	9628. 6549.*	249627. (0.5%)	317103.	480.	76.	404.
W/O INTEREST WRITE-OFF	48633. 14732.*	32011. 19534.*	14608. -6626.*	1292958. (2.1%)	1855987.	1760.	228.	1532.
W/O DEPRECIATION ALLOWANCE	62132. 18749.*	33861. 6925.*	26257. 10000.*	1506069. (2.4%)	2019127.	1840.	231.	1609.
W/O INVESTMENT TAX CREDIT	104814. 26962.*	4817. -12414.*	62470. 37588.*	3272918. (3.9%)	5082115.	4320.	467.	3852.
W/TAX WRITE-OFFS LIMITED TO 1M	119110. 71966.*	39372. 19726.*	77723. 50460.*	1623044. (2.5%)	2216185.	2000.	135.	1865.
W/WRITE-OFFS TRUNCATED BY WEALTH	100206. 66531.*	32011. 19534.*	66181. 45174.*	1282958. (2.1%)	1855987.	1760.	228.	1532.
W/WRITE-OFFS TRUNCATED BY INCOME	-20091. -2827.*	32011. 19508.*	-54116. -24159.*	1284347. (2.1%)	1856132.	1760.	230.	1530.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	20891.	25.	20866.	176054.	357309.	900.	47.	141.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	21895. 10298.*	0. 0.*	21664. 10097.*	671523. (6.1%)	974718.	160.	129.	711.
W/O TAX INDEXING	21895. 10298.*	0. 0.*	21664. 10097.*	671523. (6.1%)	974718.	160.	129.	711.
W/HIGHER CONSUMPTION	11483. 8424.*	0. 0.*	10614. 7858.*	-30716. (-0.8%)	-211972.	-0.	-0.	0.
W/O INTEREST WRITE-OFF	21351. 10568.*	5738. 1501.*	13599. 7388.*	551965. (5.0%)	711161.	-0.	103.	537.
W/O DEPRECIATION ALLOWANCE	15197. 8990.*	5131. 2454.*	8051. 4664.*	245921. (3.4%)	113418.	-0.	32.	128.
W/O INVESTMENT TAX CREDIT	26030. 11144.*	-25. -25.*	20866. 10962.*	804159. (6.1%)	1181421.	320.	147.	853.
W/TAX WRITE-OFFS LIMITED TO 1M	57393. 25430.*	7080. 2004.*	48298. 22353.*	641832. (5.4%)	816396.	40.	112.	608.
W/WRITE-OFFS TRUNCATED BY WEALTH	53500. 16614.*	3151. 228.*	48334. 15778.*	780374. (6.0%)	1076742.	240.	138.	782.
W/WRITE-OFFS TRUNCATED BY INCOME	22454. 18717.*	6396. 1807.*	14043. 15593.*	609992. (5.3%)	764957.	-0.	114.	566.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	27466.	558.	26908.	122026.	122026.	960.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	15118. 3757.*	-471. -471.*	15589. 4195.*	697161. (7.6%)	1225695.	160.	143.	897.
W/O TAX INDEXING	15118. 3757.*	-471. -471.*	15589. 4195.*	697161. (7.6%)	1225695.	160.	143.	897.
W/HIGHER CONSUMPTION	-4831. -1614.*	-471. -471.*	-4439. -1428.*	-212893. (3.8%)	-212893.	0.	0.	0.
W/O INTEREST WRITE-OFF	15393. 4237.*	5067. 647.*	8311. 2016.*	608925. (6.4%)	1014363.	-0.	126.	754.
W/O DEPRECIATION ALLOWANCE	4934. 1316.*	1204. -355.*	1716. -117.*	206591. (4.2%)	308245.	-0.	53.	227.
W/O INVESTMENT TAX CREDIT	18420. 4615.*	-558. -558.*	26908. 5127.*	819988. (7.3%)	1431498.	320.	166.	1034.
W/TAX WRITE-OFFS LIMITED TO 1M	54583. 20653.*	5727. 981.*	46841. 18650.*	679189. (6.7%)	1069207.	40.	142.	778.
W/WRITE-OFFS TRUNCATED BY WEALTH	48717. 9027.*	749. -513.*	45954. 9162.*	805610. (7.2%)	1376389.	280.	161.	999.
W/WRITE-OFFS TRUNCATED BY INCOME	12533. 14454.*	5067. 681.*	5453. 12292.*	627545. (6.5%)	1015063.	-0.	133.	747.

TABLE XXXII

RESULTS OF SIMULATION RUNS AT 12% FOR THE MISSISSIPPI TYPICAL FARM

STATE NAME: MISSISSIPPI
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	84374.	19719.	64655.	1588657.	1588657.	900.	900.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	50949. -766.*	-19147. -18362.*	69688. 16765.*	3314937. (4.0%)	4584069.	4000.	690.	3310.
W/O TAX INDEXING	53395. -331.*	-10701. -16954.*	63608. 15786.*	3258499. (4.0%)	4475304.	3920.	672.	3248.
W/HIGHER CONSUMPTION	4847. -3602.*	-4666. -8011.*	9105. 3525.*	235690. (0.5%)	317832.	480.	95.	385.
W/O INTEREST WRITE-OFF	32337. 1862.*	30806. 14924.*	1123. -13945.*	1373744. (2.2%)	1812738.	1760.	345.	1415.
W/O DEPRECIATION ALLOWANCE	44134. 2885.*	21755. -2097.*	21971. 4099.*	1799315. (2.7%)	2339706.	2160.	394.	1766.
W/O INVESTMENT TAX CREDIT	48949. -533.*	-16674. -18393.*	62598. 16976.*	3230706. (3.9%)	4477159.	3920.	675.	3245.
W/TAX WRITE-OFFS LIMITED TO 1M	117091. 54840.*	38130. 13892.*	78552. 40089.*	1688554. (2.5%)	2168907.	2000.	361.	1639.
W/WRITE-OFFS TRUNCATED BY WEALTH	98186. 55236.*	30806. 14924.*	66972. 39429.*	1373744. (2.2%)	1812738.	1760.	345.	1415.
W/WRITE-OFFS TRUNCATED BY INCOME	-36957. -8214.*	30806. 14900.*	-68171. -23997.*	1376174. (2.2%)	1812593.	1760.	345.	1415.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	19749.	0.	19749.	141444.	221549.	900.	21.	62.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	8529. 5456.*	0. 0.*	8529. 5420.*	402924. (5.4%)	508543.	-0.	96.	384.
W/O TAX INDEXING	8529. 5456.*	0. 0.*	8529. 5420.*	402924. (5.4%)	508543.	-0.	96.	384.
W/HIGHER CONSUMPTION	6681. 6418.*	0. 0.*	6294. 6102.*	-158648. (*****)	-238754.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	9479. 5574.*	1816. 184.*	7255. 4679.*	439992. (5.0%)	557281.	-0.	96.	384.
W/O DEPRECIATION ALLOWANCE	8191. 5784.*	2320. 1343.*	5463. 3610.*	206994. (3.7%)	206840.	-0.	40.	160.
W/O INVESTMENT TAX CREDIT	10491. 5500.*	0. 0.*	19749. 5461.*	516897. (5.5%)	663443.	-0.	120.	480.
W/TAX WRITE-OFFS LIMITED TO 1M	41788. 17866.*	2296. 297.*	39085. 17207.*	485279. (5.3%)	609177.	-0.	112.	448.
W/WRITE-OFFS TRUNCATED BY WEALTH	28595. 7152.*	0. 0.*	28187. 7060.*	515057. (5.4%)	661603.	-0.	120.	480.
W/WRITE-OFFS TRUNCATED BY INCOME	41529. 14753.*	2213. 283.*	38908. 14108.*	485814. (5.3%)	609713.	-0.	112.	448.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	27466.	558.	26908.	122541.	122541.	900.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	2915. -1569.*	-471. -471.*	3386. -1136.*	430853. (6.1%)	609903.	-0.	111.	449.
W/O TAX INDEXING	2915. -1569.*	-471. -471.*	3386. -1136.*	430853. (6.1%)	609903.	-0.	111.	449.
W/HIGHER CONSUMPTION	-5335. -2272.*	-471. -471.*	-4903. -2031.*	-239335. (4.7%)	-239335.	0.	0.	0.
W/O INTEREST WRITE-OFF	3867. -1505.*	842. -420.*	2617. -1771.*	469429. (5.6%)	660135.	-0.	120.	480.
W/O DEPRECIATION ALLOWANCE	-309. -1888.*	-453. -1182.*	-264. -1553.*	184499. (3.9%)	259018.	-0.	56.	224.
W/O INVESTMENT TAX CREDIT	4342. -1522.*	-558. -558.*	26908. -1014.*	540981. (6.0%)	764528.	-0.	136.	544.
W/TAX WRITE-OFFS LIMITED TO 1M	35174. 11983.*	1322. -338.*	33444. 11918.*	510356. (5.8%)	709878.	-0.	128.	512.
W/WRITE-OFFS TRUNCATED BY WEALTH	18537. -518.*	-558. -558.*	18687. -45.*	539778. (6.0%)	763325.	-0.	136.	544.
W/WRITE-OFFS TRUNCATED BY INCOME	25983. 8852.*	1322. -341.*	24253. 8759.*	508878. (5.8%)	708400.	-0.	128.	512.

TABLE XXXIII

RESULTS OF SIMULATION RUNS AT 6% FOR THE TEXAS HIGH PLAINS TYPICAL FARM

STATE NAME: TEXAS HIGH PLAINS
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FARM SIZE FULL-EQUITY	FARM SIZE MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	67179.	14383.	52796.	1287103.	1287103.	720.	720.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	62600. 13766.*	-1926. -10909.*	62511. 22878.*	2169709. (3.5%)	3271617.	2720.	316.	2404.
W/O TAX INDEXING	65620. 15210.*	24014. -3443.*	39592. 16850.*	1876203. (3.2%)	2562472.	2120.	250.	1870.
W/HIGHER CONSUMPTION	3850. 541.*	-2082. -4148.*	3918. 2865.*	139011. (0.4%)	189018.	280.	47.	233.
W/O INTEREST WRITE-OFF	29322. 8169.*	20178. 12140.*	7130. -5796.*	907768. (1.9%)	1321362.	1160.	160.	1000.
W/O DEPRECIATION ALLOWANCE	39491. 10473.*	19702. 2546.*	17775. 6102.*	1056230. (2.1%)	1386225.	1200.	170.	1030.
W/O INVESTMENT TAX CREDIT	57944. 13262.*	3787. -7756.*	51283. 19195.*	1967689. (3.3%)	2944986.	2440.	276.	2164.
W/TAX WRITE-OFFS LIMITED TO 1M	77126. 45271.*	24172. 10728.*	50940. 32733.*	1185491. (2.3%)	1543267.	1360.	98.	1262.
W/WRITE-OFFS TRUNCATED BY WEALTH	66545. 44721.*	20178. 12140.*	44353. 30757.*	907768. (1.9%)	1321362.	1160.	160.	1000.
W/WRITE-OFFS TRUNCATED BY INCOME	66423. -3523.*	20104. 12134.*	44304. -17482.*	908423. (1.9%)	1321456.	1160.	158.	1002.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	18799.	297.	18502.	111537.	148991.	720.	15.	43.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	1176. 1856.*	-210. -210.*	1081. 1748.*	14557. (0.6%)	-42897.	-0.	-0.	-0.
W/O TAX INDEXING	1176. 1856.*	-210. -210.*	1081. 1748.*	14557. (0.6%)	-42897.	-0.	-0.	-0.
W/HIGHER CONSUMPTION	1176. 1856.*	-210. -210.*	1081. 1748.*	-169209. (62.4%)	-226663.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	2395. 2000.*	-297. -297.*	2154. 1663.*	70232. (1.7%)	28621.	-0.	8.	32.
W/O DEPRECIATION ALLOWANCE	1176. 1856.*	563. 272.*	-918. 40.*	-82453. (*****)	-139987.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	3455. 2090.*	-280. -296.*	18502. 2025.*	100525. (2.2%)	76535.	-0.	16.	64.
W/TAX WRITE-OFFS LIMITED TO 1M	6466. 3088.*	-297. -297.*	6079. 2944.*	97730. (2.2%)	73748.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY WEALTH	3455. 2090.*	-297. -297.*	3311. 2026.*	100543. (2.2%)	76553.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY INCOME	3455. 2090.*	-297. -297.*	3311. 2026.*	100543. (2.2%)	76553.	-0.	16.	64.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	20847.	463.	20385.	93479.	93479.	720.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-3995. -1327.*	-375. -375.*	-3671. -1177.*	-45524. (-3.9%)	-45524.	0.	0.	0.
W/O TAX INDEXING	-3995. -1327.*	-375. -375.*	-3671. -1177.*	-45524. (-3.9%)	-45524.	0.	0.	0.
W/HIGHER CONSUMPTION	-3995. -1327.*	-375. -375.*	-3671. -1177.*	-227451. (7.0%)	-227451.	0.	0.	0.
W/O INTEREST WRITE-OFF	-1095. -758.*	-463. -463.*	-1064. -778.*	43044. (1.3%)	69606.	-0.	16.	64.
W/O DEPRECIATION ALLOWANCE	-3995. -1327.*	-798. -621.*	-4475. -2156.*	-133118. (68.9%)	-133118.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	-966. -721.*	-463. -463.*	20385. -540.*	53146. (1.6%)	78271.	-0.	16.	64.
W/TAX WRITE-OFFS LIMITED TO 1M	1296. -132.*	-463. -463.*	1327. 0.*	51518. (1.5%)	76643.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY WEALTH	-966. -721.*	-463. -463.*	-751. -540.*	53146. (1.6%)	78271.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY INCOME	-966. -721.*	-463. -463.*	-751. -540.*	53146. (1.6%)	78271.	-0.	16.	64.

TABLE XXXIV

RESULTS OF SIMULATION RUNS AT 12% FOR THE TEXAS HIGH PLAINS TYPICAL FARM

STATE NAME: TEXAS HIGH PLAINS
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	67179.	14263.	52916.	1289376.	1289376.	720.	720.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	29820. -3392.*	-13739. -13227.*	43150. 8964.*	2159122. (3.5%)	2923096.	2480.	451.	2029.
W/O TAX INDEXING	34384. -1742.*	-13738. -7938.*	47715. 5384.*	1947957. (3.3%)	2558858.	2280.	393.	1787.
W/HIGHER CONSUMPTION	2018. -3844.*	-2904. -5721.*	4514. 993.*	136908. (0.4%)	169231.	280.	54.	226.
W/O INTEREST WRITE-OFF	19303. -1231.*	19349. 9387.*	-454. -11502.*	982011. (2.0%)	1287960.	1200.	228.	972.
W/O DEPRECIATION ALLOWANCE	29049. -440.*	12550. -3189.*	15091. 1865.*	1255694. (2.4%)	1598606.	1440.	287.	1153.
W/O INVESTMENT TAX CREDIT	29181. -2824.*	-8403. -11707.*	51403. 7999.*	2042332. (3.3%)	2757862.	2360.	428.	1932.
W/TAX WRITE-OFFS LIMITED TO 1M	75641. 34640.*	23329. 7626.*	51904. 26135.*	1222840. (2.3%)	1526752.	1400.	259.	1141.
W/WRITE-OFFS TRUNCATED BY WEALTH	65060. 37767.*	19349. 9387.*	45303. 27496.*	982011. (2.0%)	1287960.	1200.	228.	972.
W/WRITE-OFFS TRUNCATED BY INCOME	-8202. -25.*	19349. 9299.*	-27959. -10208.*	986986. (2.0%)	1298624.	1200.	230.	970.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	18420.	266.	18154.	100507.	126823.	720.	7.	19.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-539. 958.*	-179. -179.*	-495. 923.*	-49992. (-3.9%)	-75507.	-0.	-0.	-0.
W/O TAX INDEXING	-539. 958.*	-179. -179.*	-495. 923.*	-49992. (-3.9%)	-75507.	-0.	-0.	-0.
W/HIGHER CONSUMPTION	-539. 958.*	-179. -179.*	-495. 923.*	-222931. (-0.2%)	-248447.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	-539. 995.*	-266. -266.*	-495. 878.*	-4384. (-0.1%)	-29899.	-0.	-0.	-0.
W/O DEPRECIATION ALLOWANCE	-539. 958.*	195. 97.*	-1142. 26.*	-107580. (11.5%)	-133896.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	336. 694.*	-266. -266.*	18154. 703.*	15433. (0.5%)	1722.	-0.	8.	32.
W/TAX WRITE-OFFS LIMITED TO 1M	2106. 2054.*	-266. -266.*	2004. 1955.*	11192. (0.4%)	-2520.	-0.	8.	32.
W/WRITE-OFFS TRUNCATED BY WEALTH	336. 694.*	-266. -266.*	377. 703.*	15433. (0.5%)	1722.	-0.	8.	32.
W/WRITE-OFFS TRUNCATED BY INCOME	336. 694.*	-266. -266.*	377. 703.*	15433. (0.5%)	1722.	-0.	8.	32.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	20847.	463.	20385.	93670.	93670.	720.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-4366. -1811.*	-375. -375.*	-4012. -1622.*	-77674. (-7.5%)	-77674.	0.	0.	0.
W/O TAX INDEXING	-4366. -1811.*	-375. -375.*	-4012. -1622.*	-77674. (-7.5%)	-77674.	0.	0.	0.
W/HIGHER CONSUMPTION	-4366. -1811.*	-375. -375.*	-4012. -1622.*	-249097. (*****%)	-249097.	0.	0.	0.
W/O INTEREST WRITE-OFF	-2938. -1945.*	-463. -463.*	-2731. -1830.*	-11687. (- 0.4%)	-3570.	-0.	8.	32.
W/O DEPRECIATION ALLOWANCE	-4366. -1811.*	-846. -713.*	-3928. -1942.*	-134521. (*****%)	-134521.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	-2938. -1945.*	-463. -463.*	20385. -1715.*	-6869. (-0.2%)	1248.	-0.	8.	32.
W/TAX WRITE-OFFS LIMITED TO 1M	-1721. -873.*	-463. -463.*	-1513. -728.*	-10319. (-0.4%)	-2202.	-0.	8.	32.
W/WRITE-OFFS TRUNCATED BY WEALTH	-2938. -1945.*	-463. -463.*	-2632. -1715.*	-6869. (-0.2%)	1248.	-0.	8.	32.
W/WRITE-OFFS TRUNCATED BY INCOME	-2938. -1945.*	-463. -463.*	-2632. -1715.*	-6869. (-0.2%)	1248.	-0.	8.	32.

TABLE XXXV

RESULTS OF SIMULATION RUNS AT 6% FOR THE CENTRAL TEXAS TYPICAL FARM

STATE NAME: CENTRAL TEXAS
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	41575.	8498.	33077.	713899.	713899.	600.	600.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	26016. 3879.*	2959. -3663.*	21043. 5724.*	1081598. (3.21)	1548818.	1720.	231.	1489.
W/O TAX INDEXING	27733. 5042.*	21206. 2636.*	4513. 582.*	822016. (2.71)	972860.	1080.	153.	927.
W/HIGHER CONSUMPTION	7336. 346.*	379. -2674.*	4943. 1195.*	306560. (1.31)	366927.	440.	71.	369.
W/O INTEREST WRITE-OFF	14127. 2241.*	10365. 5790.*	1748. -5374.*	564446. (2.09)	767372.	886.	138.	742.
W/O DEPRECIATION ALLOWANCE	22511. 3474.*	9524. -224.*	10974. 1874.*	812618. (2.71)	1080941.	1200.	156.	1044.
W/O INVESTMENT TAX CREDIT	25639. 3814.*	4883. -2658.*	32561. 4647.*	1002105. (3.13)	1394240.	1560.	224.	1336.
W/TAX WRITE-OFFS LIMITED TO 1M	41309. 17702.*	14008. 3810.*	25287. 12074.*	770809. (2.68)	963188.	1120.	114.	1006.
W/WRITE-OFFS TRUNCATED BY WEALTH	32390. 22477.*	10365. 5790.*	20011. 14862.*	564446. (2.08)	767372.	880.	138.	742.
W/WRITE-OFFS TRUNCATED BY INCOME	26429. 7961.*	10365. 5785.*	14050. 352.*	566283. (2.08)	767529.	880.	135.	745.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	13169.	349.	12820.	66774.	135350.	600.	24.	71.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	3082. 2456.*	-108. -322.*	2347. 2170.*	121692. (3.71)	74319.	-0.	16.	64.
W/O TAX INDEXING	2733. 2348.*	1290. 115.*	629. 1630.*	100242. (3.21)	56751.	-0.	16.	64.
W/HIGHER CONSUMPTION	1423. 2357.*	-223. -294.*	883. 2022.*	56942. (2.21)	-11634.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	1994. 2323.*	-609. -452.*	1722. 1913.*	68683. (2.51)	13587.	-0.	8.	32.
W/O DEPRECIATION ALLOWANCE	1423. 2357.*	363. 201.*	-122. 1109.*	32456. (1.41)	-36120.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	2176. 2372.*	291. 51.*	12741. 1705.*	87486. (2.91)	30361.	-0.	8.	32.
W/TAX WRITE-OFFS LIMITED TO 1M	3082. 2456.*	-108. -322.*	2347. 2170.*	121692. (3.71)	74319.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY WEALTH	3082. 2456.*	-108. -322.*	2347. 2170.*	121692. (3.71)	74319.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY INCOME	3082. 2456.*	-108. -322.*	2347. 2170.*	121692. (3.71)	74319.	-0.	16.	64.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	15643.	549.	15094.	45996.	45996.	600.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-1571. -890.*	-549. -549.*	-1661. -854.*	76112. (3.41)	100269.	-0.	24.	96.
W/O TAX INDEXING	-1571. -890.*	143. -446.*	-2352. -957.*	72370. (3.31)	96528.	-0.	24.	96.
W/HIGHER CONSUMPTION	-4749. -1441.*	-549. -549.*	-4664. -1413.*	-27507. (-3.21)	-27507.	0.	0.	0.
W/O INTEREST WRITE-OFF	-2309. -916.*	-549. -463.*	-2458. -1139.*	53104. (2.71)	65634.	-0.	16.	64.
W/O DEPRECIATION ALLOWANCE	-4749. -1441.*	-1055. -747.*	-4577. -1633.*	-28439. (-3.21)	-28439.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	-2727. -1154.*	-754. -736.*	14637. -929.*	43825. (2.41)	60998.	-0.	16.	64.
W/TAX WRITE-OFFS LIMITED TO 1M	-1571. -890.*	-549. -549.*	-1661. -854.*	76112. (3.41)	100269.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY WEALTH	-1571. -890.*	-549. -549.*	-1661. -854.*	76112. (3.41)	100269.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY INCOME	-1571. -890.*	-549. -549.*	-1661. -854.*	76112. (3.41)	100269.	-0.	24.	96.

TABLE XXXVI

RESULTS OF SIMULATION RUNS AT 12% FOR THE CENTRAL TEXAS TYPICAL FARM

STATE NAME: CENTRAL TEXAS
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	41575.	8405.	33171.	715235.	715235.	600.	600.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	11417. -4455.*	-3424. -5945.*	14433. 606.*	1193618. (3.4%)	1579793.	1800.	341.	1458.
W/O TAX INDEXING	19660. -1090.*	-8405. 2060.*	27657. -4034.*	853907. (2.7%)	994857.	1320.	254.	1066.
W/HIGHER CONSUMPTION	3541. -2645.*	-1302. -3534.*	4435. 6.*	332983. (1.4%)	403020.	480.	94.	386.
W/O INTEREST WRITE-OFF	8387. -2690.*	10855. 4809.*	-2876. -8383.*	635562. (2.2%)	804100.	960.	183.	777.
W/O DEPRECIATION ALLOWANCE	14926. -3131.*	5465. -2990.*	9052. -1025.*	953541. (3.0%)	1197405.	1360.	269.	1091.
W/O INVESTMENT TAX CREDIT	12059. -3836.*	-1324. -4883.*	32655. 161.*	1117035. (3.3%)	1463253.	1680.	327.	1353.
W/TAX WRITE-OFFS LIMITED TO 1M	42587. 14620.*	14499. 3169.*	27680. 10568.*	803555. (2.6%)	992726.	1120.	214.	906.
W/WRITE-OFFS TRUNCATED BY WEALTH	33668. 19910.*	10855. 4809.*	22404. 14217.*	635562. (2.2%)	804100.	960.	183.	777.
W/WRITE-OFFS TRUNCATED BY INCOME	2788. 7635.*	10855. 4774.*	-8475. 1977.*	641210. (2.2%)	802985.	960.	182.	778.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	12764.	316.	12448.	53783.	83877.	600.	11.	31.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	1248. 1280.*	-316. -316.*	1156. 1141.*	73327. (3.0%)	56290.	-0.	16.	64.
W/O TAX INDEXING	291. 1415.*	1738. 307.*	-1855. 624.*	33739. (1.7%)	11190.	-0.	8.	32.
W/HIGHER CONSUMPTION	-361. 1659.*	-316. -316.*	-453. 1463.*	7956. (0.5%)	-22138.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	542. 1474.*	-503. -415.*	637. 1275.*	50014. (2.3%)	25788.	-0.	8.	32.
W/O DEPRECIATION ALLOWANCE	-361. 1659.*	41. 89.*	-810. 845.*	2568. (0.2%)	-27526.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	542. 1474.*	32. -76.*	12448. 1068.*	50354. (2.3%)	26128.	-0.	8.	32.
W/TAX WRITE-OFFS LIMITED TO 1M	3206. 2005.*	-151. -275.*	2949. 1824.*	71785. (3.0%)	54747.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY WEALTH	1248. 1280.*	-316. -316.*	1156. 1141.*	73327. (3.0%)	56290.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY INCOME	1248. 1280.*	-316. -316.*	1156. 1141.*	73327. (3.0%)	56290.	-0.	16.	64.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	15643.	549.	15094.	46145.	46145.	600.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-2637. -1707.*	-549. -549.*	-2496. -1608.*	49609. (2.6%)	58471.	-0.	16.	64.
W/O TAX INDEXING	-3035. -1855.*	966. -237.*	-4409. -2066.*	31707. (1.8%)	43224.	-0.	16.	64.
W/HIGHER CONSUMPTION	-4875. -1606.*	-549. -549.*	-4734. -1562.*	-35340. (-5.1%)	-35340.	0.	0.	0.
W/O INTEREST WRITE-OFF	-2770. -1734.*	-549. -540.*	-2629. -1766.*	42229. (2.3%)	51976.	-0.	16.	64.
W/O DEPRECIATION ALLOWANCE	-4875. -1606.*	-1050. -766.*	-4233. -1598.*	-30263. (-3.5%)	-30263.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	-3104. -1901.*	-790. -780.*	14676. -1567.*	32814. (1.9%)	44790.	-0.	16.	64.
W/TAX WRITE-OFFS LIMITED TO 1M	-1308. -1318.*	-549. -549.*	-1167. -1220.*	49574. (2.6%)	58436.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY WEALTH	-2637. -1707.*	-549. -549.*	-2496. -1608.*	49609. (2.6%)	58471.	-0.	16.	64.
W/WRITE-OFFS TRUNCATED BY INCOME	-2637. -1707.*	-549. -549.*	-2496. -1608.*	49609. (2.6%)	58471.	-0.	16.	64.

TABLE XXXVII

RESULTS OF SIMULATION RUNS AT 6% FOR THE KANSAS TYPICAL FARM

STATE NAME: KANSAS
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	53650.	10650.	43000.	937745.	937745.	640.	640.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	52208. 11295.*	-2883. -8593.*	53076. 18172.*	1957745. (4.0%)	3013554.	2920.	335.	2585.
W/O TAX INDEXING	58829. 12679.*	22671. -2442.*	34144. 13406.*	1720282. (3.7%)	2335772.	2280.	265.	2015.
W/HIGHER CONSUMPTION	14272. 3138.*	811. -3937.*	11447. 5250.*	403274. (1.3%)	486933.	560.	83.	477.
W/O INTEREST WRITE-OFF	27193. 6899.*	17489. 10433.*	7689. -5359.*	860356. (2.3%)	1216104.	1280.	171.	1109.
W/O DEPRECIATION ALLOWANCE	39224. 10102.*	18571. 2327.*	18639. 5950.*	1125064. (2.8%)	1493834.	1520.	210.	1310.
W/O INVESTMENT TAX CREDIT	51310. 10930.*	4332. -5812.*	41940. 15003.*	1765032. (3.7%)	2610763.	2560.	288.	2272.
W/TAX WRITE-OFFS LIMITED TO 1M	72413. 38413.*	22444. 8952.*	47955. 27730.*	1128380. (2.8%)	1484766.	1520.	135.	1385.
W/WRITE-OFFS TRUNCATED BY WEALTH	59210. 40064.*	17489. 10433.*	39707. 27806.*	860356. (2.3%)	1216104.	1280.	171.	1109.
W/WRITE-OFFS TRUNCATED BY INCOME	7610. 8452.*	17489. 10411.*	-11893. -3783.*	861897. (2.3%)	1216215.	1280.	171.	1109.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	13901.	111.	13791.	110733.	270687.	640.	48.	144.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	17558. 8349.*	-111. -111.*	16891. 8003.*	561334. (6.4%)	729853.	250.	105.	614.
W/O TAX INDEXING	17558. 8349.*	-111. -111.*	16891. 8003.*	561334. (6.4%)	729853.	250.	105.	614.
W/HIGHER CONSUMPTION	11419. 7498.*	93. -99.*	10241. 6901.*	211588. (3.8%)	81564.	-0.	16.	64.
W/O INTEREST WRITE-OFF	13911. 8039.*	1862. 513.*	10035. 5990.*	344733. (5.0%)	333719.	-0.	72.	288.
W/O DEPRECIATION ALLOWANCE	13877. 8021.*	3504. 1654.*	8358. 4765.*	321476. (4.8%)	286391.	-0.	56.	224.
W/O INVESTMENT TAX CREDIT	18679. 8401.*	901. 49.*	13791. 7888.*	555378. (6.4%)	686990.	240.	104.	576.
W/TAX WRITE-OFFS LIMITED TO 1M	36118. 16097.*	4488. 1383.*	29616. 13759.*	481273. (6.0%)	509484.	80.	75.	445.
W/WRITE-OFFS TRUNCATED BY WEALTH	27464. 9501.*	740. -71.*	25090. 9019.*	556783. (6.4%)	686820.	240.	106.	574.
W/WRITE-OFFS TRUNCATED BY INCOME	26207. 14891.*	4488. 1309.*	19706. 12479.*	453088. (5.8%)	504211.	40.	85.	395.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	19703.	581.	19123.	63056.	63056.	640.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	9711. 2049.*	-581. -581.*	9841. 2377.*	527859. (8.0%)	856916.	240.	124.	716.
W/O TAX INDEXING	9711. 2049.*	-581. -581.*	9841. 2377.*	527859. (8.0%)	856916.	240.	124.	716.
W/HIGHER CONSUMPTION	-2393. -1128.*	-581. -581.*	-2249. -1004.*	56521. (2.4%)	79970.	-0.	16.	64.
W/O INTEREST WRITE-OFF	7558. 2109.*	2014. 217.*	3530. 500.*	380817. (7.0%)	587099.	-0.	101.	459.
W/O DEPRECIATION ALLOWANCE	5983. 1362.*	994. -491.*	2974. 283.*	275034. (6.0%)	376564.	-0.	77.	323.
W/O INVESTMENT TAX CREDIT	9661. 2020.*	-793. -811.*	18883. 2580.*	527468. (8.0%)	857082.	240.	123.	717.
W/TAX WRITE-OFFS LIMITED TO 1M	30524. 9857.*	2865. 394.*	25645. 8603.*	462063. (7.6%)	678117.	80.	101.	579.
W/WRITE-OFFS TRUNCATED BY WEALTH	17611. 2607.*	-581. -581.*	17101. 2889.*	526391. (8.0%)	856144.	240.	119.	681.
W/WRITE-OFFS TRUNCATED BY INCOME	20921. 10556.*	2439. 361.*	16467. 9105.*	427951. (7.4%)	633516.	40.	108.	532.

TABLE XXXVIII

RESULTS OF SIMULATION RUNS AT 12% FOR THE KANSAS TYPICAL FARM

STATE NAME: KANSAS
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	53650.	10549.	43101.	939685.	939685.	640.	640.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	23916. -3390.*	-10549. -10173.*	34058. 5945.*	1941023. (3.9%)	2638025.	2640.	470.	2170.
W/O TAX INDEXING	32180. -1545.*	9164. -5216.*	22608. 2825.*	1748174. (3.7%)	2273522.	2280.	406.	1874.
W/HIGHER CONSUMPTION	8932. -1784.*	-1627. -5226.*	10151. 2558.*	399815. (1.3%)	478677.	480.	120.	480.
W/O INTEREST WRITE-OFF	19099. -927.*	16940. 8251.*	1751. -10061.*	939988. (2.4%)	1200458.	1200.	241.	1039.
W/O DEPRECIATION ALLOWANCE	26334. -355.*	10858. -2743.*	15069. 1503.*	1322964. (3.1%)	1696572.	1720.	338.	1382.
W/O INVESTMENT TAX CREDIT	24509. -2929.*	-6260. -8857.*	42041. 5080.*	1823394. (3.8%)	2458563.	2480.	441.	2039.
W/TAX WRITE-OFFS LIMITED TO 1M	69172. 30142.*	21046. 6767.*	47718. 22536.*	1151475. (2.8%)	1428592.	1520.	276.	1244.
W/WRITE-OFFS TRUNCATED BY WEALTH	58170. 34305.*	16940. 8251.*	40822. 25171.*	939988. (2.4%)	1200458.	1200.	241.	1039.
W/WRITE-OFFS TRUNCATED BY INCOME	21216. 6912.*	16940. 8151.*	3868. -2123.*	947068. (2.4%)	1206294.	1328.	255.	1065.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	12835.	25.	12811.	80753.	152204.	640.	22.	64.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	8026. 4824.*	-25. -25.*	7810. 4631.*	396374. (6.3%)	471277.	-0.	96.	384.
W/O TAX INDEXING	8026. 4824.*	-25. -25.*	7810. 4631.*	396374. (6.3%)	471277.	-0.	96.	384.
W/HIGHER CONSUMPTION	6673. 5750.*	-25. -25.*	6289. 5314.*	102081. (2.9%)	39305.	-0.	8.	32.
W/O INTEREST WRITE-OFF	7483. 5056.*	1694. 404.*	5381. 3936.*	328647. (5.8%)	377830.	-0.	72.	288.
W/O DEPRECIATION ALLOWANCE	7699. 5066.*	1485. 718.*	5806. 3559.*	279882. (5.3%)	298286.	-0.	64.	256.
W/O INVESTMENT TAX CREDIT	8026. 4824.*	-25. -25.*	12811. 4631.*	396374. (6.3%)	471277.	-0.	96.	384.
W/TAX WRITE-OFFS LIMITED TO 1M	27779. 12034.*	2058. 486.*	25312. 11181.*	364923. (6.1%)	423954.	-0.	80.	320.
W/WRITE-OFFS TRUNCATED BY WEALTH	8026. 4824.*	-25. -25.*	7810. 4631.*	396374. (6.3%)	471277.	-0.	96.	384.
W/WRITE-OFFS TRUNCATED BY INCOME	27508. 7484.*	1983. 227.*	25117. 7010.*	385311. (6.2%)	431362.	-0.	88.	352.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	19703.	581.	19123.	63447.	63447.	640.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	551. -1729.*	-581. -581.*	1048. -1309.*	398857. (7.1%)	552933.	-0.	111.	449.
W/O TAX INDEXING	551. -1729.*	-581. -581.*	1048. -1309.*	398857. (7.1%)	552933.	-0.	111.	449.
W/HIGHER CONSUMPTION	-3633. -1880.*	-581. -581.*	-3442. -1725.*	32048. (1.6%)	37980.	-0.	8.	32.
W/O INTEREST WRITE-OFF	550. -1655.*	800. -325.*	-658. -2019.*	336445. (6.6%)	461190.	-0.	87.	353.
W/O DEPRECIATION ALLOWANCE	-478. -1840.*	-670. -1141.*	-216. -1545.*	250715. (5.8%)	338303.	-0.	72.	288.
W/O INVESTMENT TAX CREDIT	551. -1738.*	-784. -777.*	18919. -1121.*	394551. (7.1%)	552629.	-0.	110.	450.
W/TAX WRITE-OFFS LIMITED TO 1M	21462. 5802.*	1153. -256.*	19901. 5687.*	367857. (6.8%)	509135.	-0.	95.	385.
W/WRITE-OFFS TRUNCATED BY WEALTH	551. -1729.*	-581. -581.*	1048. -1309.*	398857. (7.1%)	552933.	-0.	111.	449.
W/WRITE-OFFS TRUNCATED BY INCOME	16986. 1389.*	1153. -343.*	15425. 1518.*	387302. (7.0%)	512193.	-0.	103.	417.

TABLE XXXIX

RESULTS OF SIMULATION RUNS AT 6% FOR THE MONTANA TYPICAL FARM

STATE NAME: MONTANA
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	84889.	30824.	54064.	1775274.	1775274.	3040.	3040.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	77789. 13474.*	40633. 2854.*	35141. 8795.*	2922360. (3.4%)	4101084.	7840.	809.	7031.
W/O TAX INDEXING	76059. 16823.*	66444. 17602.*	7601. -2603.*	2146632. (2.8%)	2601932.	4960.	530.	4429.
W/HIGHER CONSUMPTION	30575. 6611.*	15453. 726.*	13108. 4060.*	1034565. (1.6%)	1361795.	2640.	298.	2342.
W/O INTEREST WRITE-OFF	32601. 8661.*	39296. 25999.*	-8709. -19162.*	1127410. (1.7%)	1530422.	3040.	345.	2695.
W/O DEPRECIATION ALLOWANCE	71262. 13329.*	43295. 6370.*	25953. 5135.*	2551918. (3.1%)	3508287.	6720.	684.	6036.
W/O INVESTMENT TAX CREDIT	75535. 13326.*	40257. 3418.*	53676. 8083.*	2852774. (3.4%)	4012859.	7680.	790.	6889.
W/TAX WRITE-OFFS LIMITED TO 1M	86566. 56076.*	50274. 30819.*	34278. 23432.*	1434855. (2.1%)	1597055.	3680.	371.	3309.
W/WRITE-OFFS TRUNCATED BY WEALTH	68072. 49076.*	39296. 25999.*	27562. 21253.*	1127410. (1.7%)	1530422.	3040.	345.	2695.
W/WRITE-OFFS TRUNCATED BY INCOME	-26942. -8245.*	39296. 25988.*	-68253. -36057.*	1128015. (1.7%)	1530484.	3040.	346.	2693.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	13763.	1957.	11806.	38171.	108344.	3040.	43.	129.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	5221. 3509.*	533. -150.*	3477. 2592.*	95545. (4.4%)	44964.	-0.	24.	96.
W/O TAX INDEXING	4335. 3472.*	3121. 849.*	67. 1555.*	43090. (2.6%)	-19492.	-0.	8.	32.
W/HIGHER CONSUMPTION	4035. 3500.*	321. -133.*	2587. 2560.*	25957. (1.8%)	-44217.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	4035. 3500.*	-835. -792.*	3744. 3029.*	39132. (2.5%)	-31042.	-0.	-0.	-0.
W/O DEPRECIATION ALLOWANCE	4035. 3500.*	518. 21.*	2075. 2091.*	22948. (1.7%)	-47227.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	4388. 3484.*	417. -98.*	12603. 2513.*	63509. (3.4%)	342.	-0.	8.	32.
W/TAX WRITE-OFFS LIMITED TO 1M	5221. 3509.*	533. -150.*	3477. 2592.*	95545. (4.4%)	44964.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY WEALTH	5221. 3509.*	533. -150.*	3477. 2592.*	95545. (4.4%)	44964.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY INCOME	5221. 3509.*	533. -150.*	3477. 2592.*	95545. (4.4%)	44964.	-0.	24.	96.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	16308.	1424.	14884.	18060.	18060.	3040.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	218. 114.*	-621. -965.*	-168. 85.*	50314. (4.7%)	66242.	-0.	32.	128.
W/O TAX INDEXING	-510. -50.*	1230. -243.*	-2693. -790.*	10518. (1.7%)	23609.	-0.	24.	96.
W/HIGHER CONSUMPTION	-2280. -386.*	-1037. -1019.*	-2065. -331.*	-41676. (16.9%)	-41676.	0.	0.	0.
W/O INTEREST WRITE-OFF	-481. -19.*	-521. -674.*	-1009. -461.*	21071. (2.8%)	33849.	-0.	24.	96.
W/O DEPRECIATION ALLOWANCE	-2280. -386.*	-1041. -997.*	-2375. -668.*	-37979. (15.3%)	-37979.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	-780. -205.*	-781. -988.*	14496. -188.*	17484. (2.5%)	33581.	-0.	24.	96.
W/TAX WRITE-OFFS LIMITED TO 1M	218. 114.*	-621. -965.*	-168. 85.*	50314. (4.7%)	66242.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY WEALTH	218. 114.*	-621. -965.*	-168. 85.*	50314. (4.7%)	66242.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY INCOME	218. 114.*	-621. -965.*	-168. 85.*	50314. (4.7%)	66242.	-0.	32.	128.

TABLE XL

RESULTS OF SIMULATION RUNS AT 12% FOR THE MONTANA TYPICAL FARM

STATE NAME: MONTANA
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	84889.	30692.	54196.	1777880.	1777880.	3040.	3040.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	38855. -8911.*	15304. -9346.*	23143. -450.*	3437008. (3.8%)	4525762.	8760.	1381.	7379.
W/O TAX INDEXING	-1690. -9112.*	-30692. -6314.*	28594. -3681.*	3021743. (3.5%)	4315279.	8480.	1342.	7137.
W/HIGHER CONSUMPTION	18681. 663.*	8496. -2330.*	9776. 2110.*	1005239. (1.6%)	1245569.	2448.	453.	1987.
W/O INTEREST WRITE-OFF	23579. 1302.*	41537. 23718.*	-18366. -23299.*	1283745. (1.9%)	1609375.	3200.	574.	2626.
W/O DEPRECIATION ALLOWANCE	39444. -6307.*	22692. -4987.*	16344. -2203.*	3053632. (3.5%)	3974653.	7720.	1241.	6479.
W/O INVESTMENT TAX CREDIT	38556. -8264.*	16352. -8410.*	53808. -738.*	3357594. (3.7%)	4415576.	8560.	1361.	7198.
W/TAX WRITE-OFFS LIMITED TO 1M	89133. 43647.*	51905. 23704.*	36821. 19059.*	1647484. (2.3%)	1983440.	3920.	504.	3416.
W/WRITE-OFFS TRUNCATED BY WEALTH	72423. 45121.*	41537. 23718.*	30478. 20520.*	1283745. (1.9%)	1609375.	3200.	574.	2626.
W/WRITE-OFFS TRUNCATED BY INCOME	-46240. -12045.*	41537. 23710.*	-88185. -36638.*	1284814. (1.9%)	1609533.	3200.	575.	2625.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	13300.	1451.	11849.	25060.	56224.	3040.	19.	57.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	3697. 2544.*	122. -417.*	3168. 2206.*	69978. (4.6%)	49151.	-0.	24.	96.
W/O TAX INDEXING	2299. 2870.*	4310. 1577.*	-2419. 539.*	-30698. (****%)	-61862.	-0.	-0.	-0.
W/HIGHER CONSUMPTION	2299. 2870.*	-100. -335.*	1991. 2451.*	-12830. (-2.1%)	-43994.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	2786. 2755.*	-616. -697.*	2995. 2634.*	32981. (3.0%)	5101.	-0.	8.	32.
W/O DEPRECIATION ALLOWANCE	2299. 2870.*	165. -91.*	1726. 2133.*	5822. (0.8%)	-25342.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	2786. 2755.*	122. -217.*	12287. 2217.*	36296. (3.1%)	8437.	-0.	8.	32.
W/TAX WRITE-OFFS LIMITED TO 1M	5248. 2902.*	448. -344.*	4392. 2491.*	67373. (4.5%)	46546.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY WEALTH	3697. 2544.*	122. -417.*	3168. 2206.*	69978. (4.6%)	49151.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY INCOME	3697. 2544.*	122. -417.*	3168. 2206.*	69978. (4.6%)	49151.	-0.	24.	96.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	16308.	1378.	14930.	18215.	18215.	3040.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-323. -517.*	-686. -1057.*	-45. -235.*	46513. (4.5%)	52489.	-0.	24.	96.
W/O TAX INDEXING	-1645. -515.*	2999. 592.*	-5052. -1894.*	-41676. (****%)	-39995.	-0.	8.	32.
W/HIGHER CONSUMPTION	-2376. -510.*	-1032. -1036.*	-1752. -264.*	-44202. (6.0%)	-44202.	0.	0.	0.
W/O INTEREST WRITE-OFF	-640. -607.*	-516. -732.*	-531. -674.*	26872. (3.2%)	34957.	-0.	24.	96.
W/O DEPRECIATION ALLOWANCE	-1955. -642.*	-919. -1045.*	-1415. -454.*	-19625. (****%)	-15875.	-0.	8.	32.
W/O INVESTMENT TAX CREDIT	-1123. -603.*	-813. -1046.*	14541. -341.*	14151. (2.1%)	18905.	-0.	16.	64.
W/TAX WRITE-OFFS LIMITED TO 1M	573. -364.*	-516. -1027.*	681. -111.*	45497. (4.5%)	51473.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY WEALTH	-323. -517.*	-686. -1057.*	-45. -235.*	46513. (4.5%)	52489.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY INCOME	-323. -517.*	-686. -1057.*	-45. -235.*	46513. (4.5%)	52489.	-0.	24.	96.

TABLE XLI

RESULTS OF SIMULATION RUNS AT 6% FOR THE COLORADO TYPICAL FARM

STATE NAME: COLORADO
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	ART WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	97909.	31844.	66065.	2130433.	2130433.	3200.	3200.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	81206. 6538.*	18490. -13327.*	60701. 18041.*	3806670. (3.6%)	5588106.	*****	1068.	9531.
W/O TAX INDEXING	88457. 11143.*	54682. 1491.*	31760. 7827.*	3137203. (3.2%)	4154663.	7920.	825.	7094.
W/HIGHER CONSUMPTION	28045. 3143.*	8148. -5262.*	17883. 6580.*	1044152. (1.4%)	1387663.	2840.	332.	2508.
W/O INTEREST WRITE-OFF	33104. 5354.*	39497. 25802.*	-8408. -22272.*	1344975. (1.7%)	1892620.	3880.	430.	3449.
W/O DEPRECIATION ALLOWANCE	66798. 8729.*	39538. 2478.*	25248. 4427.*	2481565. (2.7%)	3349124.	6440.	680.	5760.
W/O INVESTMENT TAX CREDIT	77841. 6954.*	22779. -9869.*	64726. 14999.*	3633516. (3.4%)	5135389.	9759.	995.	8764.
W/TAX WRITE-OFFS LIMITED TO 1M	92157. 64126.*	44670. 28144.*	45472. 34158.*	1642685. (2.0%)	2119271.	4280.	-74.	4354.
W/WRITE-OFFS TRUNCATED BY WEALTH	82392. 57735.*	39497. 25802.*	40881. 30108.*	1344975. (1.7%)	1892620.	3880.	430.	3449.
W/WRITE-OFFS TRUNCATED BY INCOME	-14114. -10414.*	39497. 25810.*	-55625. -38049.*	1344685. (1.7%)	1892570.	3840.	427.	3413.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	15201.	147.	15054.	133835.	235911.	3200.	61.	182.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	8207. 4411.*	-147. -147.*	7691. 4162.*	221634. (3.4%)	206101.	-0.	79.	401.
W/O TAX INDEXING	8207. 4411.*	-147. -147.*	7691. 4162.*	221634. (3.4%)	206101.	-0.	79.	401.
W/HIGHER CONSUMPTION	5256. 4391.*	-147. -147.*	4830. 4072.*	5668. (0.2%)	-96408.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	7194. 4460.*	-147. -141.*	6244. 3627.*	174534. (2.9%)	137710.	-0.	62.	258.
W/O DEPRECIATION ALLOWANCE	5955. 4342.*	1700. 876.*	2541. 1920.*	73757. (1.5%)	-14388.	-0.	16.	64.
W/O INVESTMENT TAX CREDIT	8035. 4430.*	253. -74.*	15054. 4106.*	218835. (3.4%)	205217.	-0.	72.	368.
W/TAX WRITE-OFFS LIMITED TO 1M	15020. 6488.*	132. -103.*	13659. 6025.*	213420. (3.3%)	182863.	-0.	70.	370.
W/WRITE-OFFS TRUNCATED BY WEALTH	8207. 4411.*	-147. -147.*	7691. 4162.*	221634. (3.4%)	206101.	-0.	79.	401.
W/WRITE-OFFS TRUNCATED BY INCOME	8207. 4411.*	-147. -147.*	7691. 4162.*	221634. (3.4%)	206101.	-0.	79.	401.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	18896.	446.	18450.	103213.	103213.	3200.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	2785. -144.*	-446. -446.*	2709. 10.*	156854. (3.2%)	201562.	-0.	77.	403.
W/O TAX INDEXING	2785. -144.*	-446. -446.*	2709. 10.*	156854. (3.2%)	201562.	-0.	77.	403.
W/HIGHER CONSUMPTION	-3931. -1262.*	-446. -446.*	-3613. -1123.*	-97043. (*****)	-97043.	0.	0.	0.
W/O INTEREST WRITE-OFF	1826. -231.*	-446. -446.*	1555. -518.*	120649. (2.7%)	154315.	-0.	60.	300.
W/O DEPRECIATION ALLOWANCE	-1250. -713.*	-312. -590.*	-2367. -1558.*	10348. (0.3%)	23952.	-0.	30.	130.
W/O INVESTMENT TAX CREDIT	2785. -144.*	-286. -436.*	18450. -0.*	156531. (3.2%)	201239.	-0.	76.	404.
W/TAX WRITE-OFFS LIMITED TO 1M	6809. 1458.*	-446. -446.*	6407. 1482.*	152259. (3.2%)	196967.	-0.	72.	368.
W/WRITE-OFFS TRUNCATED BY WEALTH	2785. -144.*	-446. -446.*	2709. 10.*	156854. (3.2%)	201562.	-0.	77.	403.
W/WRITE-OFFS TRUNCATED BY INCOME	2785. -144.*	-446. -446.*	2709. 10.*	156854. (3.2%)	201562.	-0.	77.	403.

TABLE XLII

RESULTS OF SIMULATION RUNS AT 12% FOR THE COLORADO TYPICAL FARM

STATE NAME: COLORADO
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	UNNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	97909.	31704.	66204.	2133695.	2133695.	3268.	3200.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	24045. -21639.*	-15292. -25081.*	38929. 2559.*	4184599. (3.8%)	5645287.	*****	1714.	9205.
W/O TAX INDEXING	6342. -18605.*	-31704. -17901.*	37639. -1508.*	3779543. (3.6%)	5241099.	*****	1586.	8611.
W/HIGHER CONSUMPTION	14434. -4862.*	741. -8625.*	13285. 2879.*	991569. (1.3%)	1247099.	2680.	495.	2185.
W/O INTEREST WRITE-OFF	20611. -5517.*	39725. 22173.*	-19522. -28575.*	1492024. (1.8%)	1908160.	3960.	673.	3287.
W/O DEPRECIATION ALLOWANCE	33439. -12695.*	17445. -10046.*	15583. -3532.*	2998303. (3.1%)	3895204.	7680.	1218.	6382.
W/O INVESTMENT TAX CREDIT	26298. -19899.*	-8318. -21711.*	64966. 928.*	3940218. (3.7%)	5281755.	*****	1603.	8636.
W/TAX WRITE-OFFS LIMITED TO IN	97678. 49262.*	47484. 21127.*	49786. 27251.*	1809947. (2.1%)	2247272.	4560.	608.	3952.
W/WRITE-OFFS TRUNCATED BY WEALTH	83032. 50837.*	39725. 22173.*	42899. 27779.*	1492024. (1.8%)	1908160.	3960.	673.	3287.
W/WRITE-OFFS TRUNCATED BY INCOME	-34173. -14346.*	39725. 22149.*	-74306. -37379.*	1493933. (1.8%)	1908452.	3960.	681.	3279.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	15708.	188.	15520.	145608.	191268.	3254.	81.	61.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	4369. 2519.*	-188. -188.*	4162. 2421.*	190794. (2.9%)	204784.	-0.	96.	384.
W/O TAX INDEXING	4369. 2519.*	-188. -188.*	4162. 2421.*	190794. (2.9%)	204784.	-0.	96.	384.
W/HIGHER CONSUMPTION	2589. 3305.*	-188. -188.*	2380. 3075.*	-59634. (-1.8%)	-105293.	-0.	-0.	0.
W/O INTEREST WRITE-OFF	4020. 2587.*	-188. -188.*	3809. 2116.*	158420. (2.6%)	161738.	-0.	80.	320.
W/O DEPRECIATION ALLOWANCE	5256. 2845.*	1485. 479.*	3364. 1535.*	99707. (1.8%)	68774.	-0.	40.	160.
W/O INVESTMENT TAX CREDIT	4369. 2519.*	-188. -187.*	15520. 2420.*	190767. (2.9%)	204757.	-0.	96.	384.
W/TAX WRITE-OFFS LIMITED TO IN	13317. 6034.*	-188. -188.*	13097. 5836.*	183909. (2.9%)	204795.	-0.	88.	352.
W/WRITE-OFFS TRUNCATED BY WEALTH	4369. 2519.*	-188. -188.*	4162. 2421.*	190794. (2.9%)	204784.	-0.	96.	384.
W/WRITE-OFFS TRUNCATED BY INCOME	4369. 2519.*	-188. -188.*	4162. 2421.*	190794. (2.9%)	204784.	-0.	96.	384.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	18896.	446.	18450.	103458.	103458.	3200.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	355. -1620.*	-446. -446.*	421. -1388.*	97692. (2.3%)	112495.	-0.	64.	256.
W/O TAX INDEXING	355. -1620.*	-446. -446.*	421. -1388.*	97692. (2.3%)	112495.	-0.	64.	256.
W/HIGHER CONSUMPTION	-4260. -1691.*	-446. -446.*	-3915. -1516.*	-113283. (*****%)	-113283.	0.	0.	0.
W/O INTEREST WRITE-OFF	-130. -1551.*	-446. -446.*	-91. -1641.*	74065. (1.9%)	86398.	-0.	48.	192.
W/O DEPRECIATION ALLOWANCE	-1623. -1688.*	-378. -793.*	-1653. -1738.*	16690. (0.5%)	25150.	-0.	31.	129.
W/O INVESTMENT TAX CREDIT	355. -1620.*	-446. -446.*	18450. -1388.*	97692. (2.3%)	112495.	-0.	64.	256.
W/TAX WRITE-OFFS LIMITED TO IN	2575. 35.*	-446. -446.*	2614. 143.*	89376. (2.2%)	113685.	-0.	56.	224.
W/WRITE-OFFS TRUNCATED BY WEALTH	355. -1620.*	-446. -446.*	421. -1388.*	97692. (2.3%)	112495.	-0.	64.	256.
W/WRITE-OFFS TRUNCATED BY INCOME	355. -1620.*	-446. -446.*	421. -1388.*	97692. (2.3%)	112495.	-0.	64.	256.

TABLE XLIII

RESULTS OF SIMULATION RUNS AT 6% FOR THE CALIFORNIA TYPICAL FARM

STATE NAME: CALIFORNIA
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	233050.	113275.	119775.	4641245.	4641245.	1200.	1200.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	227292. 60703.*	119001. 15575.*	106278. 43303.*	6713463. (3.1%)	9408008.	2880.	337.	2543.
W/O TAX INDEXING	117888. 41352.*	-113275. -20930.*	229148. 60457.*	7696391. (3.4%)	14218978.	4400.	486.	3914.
W/HIGHER CONSUMPTION	17553. 8909.*	8232. 714.*	7307. 6371.*	594542. (0.4%)	778818.	320.	56.	264.
W/O INTEREST WRITE-OFF	0. 0.*	0. 0.*	0. 0.*	0. (0.0%)	0.	0.	0.	0.
W/O DEPRECIATION ALLOWANCE	157148. 48751.*	106807. 29851.*	48328. 17075.*	4306106. (2.3%)	5782275.	1800.	233.	1567.
W/O INVESTMENT TAX CREDIT	222605. 59275.*	123229. 18647.*	117629. 38803.*	6349527. (3.0%)	8711971.	2680.	311.	2369.
W/TAX WRITE-OFFS LIMITED TO 1M	165528. 141024.*	100942. 82321.*	62572. 56879.*	2207744. (1.4%)	2422356.	1040.	112.	928.
W/WRITE-OFFS TRUNCATED BY WEALTH	151698. 106843.*	92405. 63168.*	57278. 41851.*	2147359. (1.3%)	2973695.	960.	144.	816.
W/WRITE-OFFS TRUNCATED BY INCOME	-190038. -115796.*	92405. 63168.*	-284458. -180788.*	2147359. (1.3%)	2973695.	960.	144.	816.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	35423.	1131.	34292.	273731.	810559.	1200.	52.	155.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	64595. 31313.*	18380. 6040.*	44201. 23469.*	1791713. (7.2%)	2318878.	-0.	167.	613.
W/O TAX INDEXING	62756. 32503.*	39742. 14831.*	21000. 15868.*	1150836. (5.9%)	853230.	-0.	56.	224.
W/HIGHER CONSUMPTION	42794. 28822.*	14503. 7204.*	26277. 19814.*	-3663. (-0.0%)	-540493.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	0. 0.*	0. 0.*	0. 0.*	0. (0.0%)	0.	0.	0.	0.
W/O DEPRECIATION ALLOWANCE	43044. 28672.*	21063. 12398.*	19967. 14463.*	671143. (4.4%)	285209.	-0.	16.	64.
W/O INVESTMENT TAX CREDIT	60640. 30652.*	20063. 7702.*	33192. 21145.*	1497201. (6.7%)	1760961.	-0.	92.	468.
W/TAX WRITE-OFFS LIMITED TO 1M	77371. 49092.*	31121. 16873.*	44236. 30415.*	991384. (5.5%)	678993.	-0.	48.	192.
W/WRITE-OFFS TRUNCATED BY WEALTH	87230. 45242.*	35423. 14262.*	49793. 29175.*	1205117. (6.0%)	1080876.	-0.	64.	256.
W/WRITE-OFFS TRUNCATED BY INCOME	9221. 15422.*	24251. 16461.*	-17043. -2844.*	737136. (4.6%)	393608.	-0.	24.	96.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	54849.	5771.	49078.	189166.	189166.	1200.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	40227. 9154.*	8868. -1433.*	29345. 8762.*	1815338. (10.5%)	2997443.	-0.	126.	794.
W/O TAX INDEXING	40146. 11687.*	28868. 6679.*	9264. 3184.*	1270745. (9.2%)	1762219.	-0.	90.	430.
W/HIGHER CONSUMPTION	-5520. -907.*	-2720. -2098.*	-4814. -634.*	-502759. (****%)	-502759.	0.	0.	0.
W/O INTEREST WRITE-OFF	0. 0.*	0. 0.*	0. 0.*	0. (0.0%)	0.	0.	0.	0.
W/O DEPRECIATION ALLOWANCE	7951. 2363.*	3308. -569.*	2628. 1107.*	456582. (6.1%)	691091.	-0.	40.	160.
W/O INVESTMENT TAX CREDIT	29691. 8415.*	6587. -465.*	46932. 7056.*	1444312. (9.7%)	2436144.	-0.	114.	646.
W/TAX WRITE-OFFS LIMITED TO 1M	56717. 30859.*	23823. 11013.*	30879. 18022.*	977329. (8.4%)	1206454.	-0.	64.	336.
W/WRITE-OFFS TRUNCATED BY WEALTH	66938. 23192.*	27806. 6433.*	37118. 14935.*	1313529. (9.3%)	1771195.	-0.	98.	462.
W/WRITE-OFFS TRUNCATED BY INCOME	-7638. 1564.*	17076. 9057.*	-26728. -9318.*	707980. (7.2%)	958453.	-0.	61.	259.

TABLE XLIV

RESULTS OF SIMULATION RUNS AT 12% FOR THE CALIFORNIA TYPICAL FARM

STATE NAME: CALIFORNIA
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	233050.	113107.	119943.	4646768.	4646768.	1200.	1200.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	153908. 4279.*	62565. -21487.*	90935. 24882.*	8154061. (3.6%)	10660090.	3290.	571.	2709.
W/O TAX INDEXING	60764. -21661.*	-113107. -65452.*	173462. 42907.*	9052506. (4.0%)	13794520.	4320.	715.	3605.
W/HIGHER CONSUMPTION	11945. -1125.*	3748. -5999.*	7689. 3990.*	686014. (0.5%)	866701.	360.	72.	288.
W/O INTEREST WRITE-OFF	0. 0.*	0. 0.*	0. 0.*	0. (0.0%)	0.	0.	0.	0.
W/O DEPRECIATION ALLOWANCE	121123. 11237.*	81030. 3788.*	39686. 6565.*	5486161. (2.7%)	7012915.	2200.	391.	1809.
W/O INVESTMENT TAX CREDIT	134492. 5793.*	56627. -16486.*	117797. 21396.*	7641655. (3.4%)	10093510.	3120.	547.	2573.
W/TAX WRITE-OFFS LIMITED TO 1M	177254. 104148.*	108090. 59739.*	68756. 43525.*	2869703. (1.7%)	3518678.	1160.	158.	1002.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	31660.	826.	30834.	169342.	409529.	1200.	23.	69.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	33684. 18639.*	2974. 451.*	30303. 17342.*	1618078. (8.5%)	2044737.	-0.	128.	512.
W/O TAX INDEXING	28884. 22289.*	16502. 8793.*	11974. 12649.*	1069290. (7.1%)	1251340.	-0.	72.	288.
W/HIGHER CONSUMPTION	29981. 24463.*	6840. 4021.*	22733. 19596.*	-292168. (55.9%)	-532356.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	0. 0.*	0. 0.*	0. 0.*	0. (0.0%)	0.	0.	0.	0.
W/O DEPRECIATION ALLOWANCE	25134. 21666.*	10899. 8413.*	13826. 12393.*	670074. (5.0%)	692717.	-0.	40.	160.
W/O INVESTMENT TAX CREDIT	35643. 19574.*	7391. 3021.*	30460. 15706.*	1378854. (7.9%)	1654144.	-0.	104.	416.
W/TAX WRITE-OFFS LIMITED TO 1M	71473. 43320.*	25388. 12292.*	45677. 30182.*	891465. (6.6%)	843790.	-0.	56.	224.
W/WRITE-OFFS TRUNCATED BY WEALTH	85854. 38074.*	32148. 9704.*	53298. 27524.*	1151481. (7.4%)	1228751.	-0.	72.	288.
W/WRITE-OFFS TRUNCATED BY INCOME	7554. 19565.*	25388. 12348.*	-18242. 6371.*	789274. (6.2%)	813080.	-0.	48.	192.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	54849.	5684.	49165.	110353.	110353.	1200.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	10593. -3708.*	-2507. -4617.*	12692. 25.*	1625460. (10.0%)	2298265.	-0.	142.	578.
W/O TAX INDEXING	14232. -229.*	-5684. 2784.*	19509. -3897.*	1156155. (8.8%)	1528087.	-0.	102.	418.
W/HIGHER CONSUMPTION	-6047. -1594.*	-2841. -2313.*	-3614. -165.*	-522442. (14.1%)	-522442.	0.	0.	0.
W/O INTEREST WRITE-OFF	0. 0.*	0. 0.*	0. 0.*	0. (0.0%)	0.	0.	0.	0.
W/O DEPRECIATION ALLOWANCE	2531. -2711.*	494. -3034.*	1629. -561.*	534465. (6.6%)	707790.	-0.	48.	192.
W/O INVESTMENT TAX CREDIT	7485. -3062.*	-1638. -3821.*	47019. -126.*	1346061. (9.4%)	1901280.	-0.	120.	480.
W/TAX WRITE-OFFS LIMITED TO 1M	49276. 21722.*	20146. 7144.*	28722. 13694.*	894116. (8.0%)	1101329.	-0.	70.	296.
W/WRITE-OFFS TRUNCATED BY WEALTH	63189. 15679.*	26621. 4329.*	36160. 10466.*	1168122. (8.9%)	1495500.	-0.	86.	354.
W/WRITE-OFFS TRUNCATED BY INCOME	2200. 1386.*	16807. 7178.*	-15015. -6676.*	763596. (7.4%)	956838.	-0.	62.	258.

TABLE XLV

RESULTS OF SIMULATION RUNS AT 6% FOR THE WASHINGTON PALOUSE TYPICAL FARM

STATE NAME: WASHINGTON
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	101050.	31058.	69992.	1975162.	1975162.	1280.	1280.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	121199.	4865.	114320.	5584903.	8836673.	7480.	777.	6703.
	16659.*	-22033.*	36878.*	(4.7%)				
W/O TAX INDEXING	128597.	42367.	84215.	5045689.	7551584.	6360.	662.	5699.
	20077.*	-10239.*	28492.*	(4.5%)				
W/HIGHER CONSUMPTION	47680.	8902.	36763.	1674565.	2345091.	2080.	250.	1830.
	6399.*	-9335.*	13909.*	(2.2%)				
W/O INTEREST WRITE-OFF	48623.	52258.	-5649.	1740294.	2506537.	2240.	278.	1962.
	10414.*	31758.*	-23169.*	(2.2%)				
W/O DEPRECIATION ALLOWANCE	96382.	57760.	36608.	3157985.	4349303.	3720.	403.	3317.
	17690.*	6934.*	8931.*	(3.4%)				
W/O INVESTMENT TAX CREDIT	118192.	18639.	68270.	5110180.	7917521.	6680.	693.	5987.
	17152.*	-15686.*	31014.*	(4.5%)				
W/TAX WRITE-OFFS LIMITED TO 1M	131921.	59488.	70418.	2113470.	2813299.	2520.	80.	2440.
	86097.*	35128.*	49151.*	(2.5%)				
W/WRITE-OFFS TRUNCATED BY WEALTH	117585.	52258.	63312.	1740294.	2506537.	2240.	278.	1962.
	76676.*	31758.*	43093.*	(2.2%)				
W/WRITE-OFFS TRUNCATED BY INCOME	-4138.	52258.	-58411.	1739942.	2506455.	2240.	274.	1966.
	-4682.*	31778.*	-38285.*	(2.2%)				
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	15481.	0.	15481.	184924.	513962.	1280.	87.	261.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	36919.	0.	35683.	1338754.	1835173.	640.	193.	1367.
	15999.*	0.*	15691.*	(7.6%)				
W/O TAX INDEXING	36909.	1199.	34474.	1337315.	1833854.	640.	191.	1369.
	15998.*	45.*	15645.*	(7.5%)				
W/HIGHER CONSUMPTION	26340.	0.	24914.	630498.	607292.	-0.	93.	467.
	16099.*	0.*	15372.*	(5.3%)				
W/O INTEREST WRITE-OFF	30575.	9367.	19199.	755157.	764541.	-0.	108.	572.
	16206.*	3229.*	11206.*	(5.8%)				
W/O DEPRECIATION ALLOWANCE	35131.	11800.	21317.	950543.	1068598.	40.	134.	826.
	16480.*	4126.*	10639.*	(6.5%)				
W/O INVESTMENT TAX CREDIT	36426.	1700.	15481.	1330971.	1832771.	640.	185.	1375.
	15942.*	230.*	15409.*	(7.5%)				
W/TAX WRITE-OFFS LIMITED TO 1M	72980.	16597.	54369.	931969.	1013369.	-0.	109.	771.
	37481.*	6567.*	29817.*	(6.4%)				
W/WRITE-OFFS TRUNCATED BY WEALTH	75330.	15469.	57847.	1159354.	1371166.	240.	162.	998.
	30251.*	3305.*	25986.*	(7.1%)				
W/WRITE-OFFS TRUNCATED BY INCOME	54407.	14775.	37619.	866055.	913316.	-0.	120.	680.
	28213.*	6377.*	20465.*	(6.2%)				
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	27416.	467.	26949.	87391.	87391.	1280.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	19120.	-467.	18956.	1197814.	1971653.	440.	217.	1463.
	2485.*	-467.*	2831.*	(9.8%)				
W/O TAX INDEXING	19120.	-467.	18956.	1197814.	1971653.	440.	217.	1463.
	2485.*	-467.*	2831.*	(9.8%)				
W/HIGHER CONSUMPTION	2115.	-467.	2064.	312153.	505028.	-0.	57.	353.
	-143.*	-467.*	23.*	(5.8%)				
W/O INTEREST WRITE-OFF	15882.	10699.	3169.	790404.	1201988.	-0.	146.	894.
	3016.*	3765.*	-2457.*	(8.3%)				
W/O DEPRECIATION ALLOWANCE	16580.	5251.	9315.	852493.	1309417.	-0.	153.	967.
	2207.*	-249.*	722.*	(8.7%)				
W/O INVESTMENT TAX CREDIT	19008.	-531.	26538.	1196494.	1971578.	440.	214.	1466.
	2420.*	-847.*	3148.*	(9.8%)				
W/TAX WRITE-OFFS LIMITED TO 1M	57703.	12443.	43246.	900355.	1306055.	-0.	161.	959.
	22892.*	4032.*	17808.*	(8.8%)				
W/WRITE-OFFS TRUNCATED BY WEALTH	56762.	9413.	45335.	1121436.	1713564.	200.	196.	1244.
	12545.*	869.*	10986.*	(9.5%)				
W/WRITE-OFFS TRUNCATED BY INCOME	14675.	10699.	1962.	801102.	1202891.	-0.	150.	896.
	17506.*	3740.*	12093.*	(8.4%)				

TABLE XLVI

RESULTS OF SIMULATION RUNS AT 12% FOR THE WASHINGTON PALOUSE TYPICAL FARM

STATE NAME: WASHINGTON
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	101050.	30919.	70131.	1978765.	1978765.	1280.	1280.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	32906. -19699.*	-30919. -29415.*	63417. 8847.*	5385018. (4.6%)	7499308.	6480.	1067.	5413.
W/O TAX INDEXING	33690. -17416.*	-16398. -24374.*	49680. 6093.*	5167774. (4.5%)	7181257.	6160.	1009.	5151.
W/HIGHER CONSUMPTION	27865. -5229.*	192. -12969.*	27265. 6855.*	1519739. (2.0%)	1915455.	1800.	343.	1457.
W/O INTEREST WRITE-OFF	29890. -3807.*	51167. 26282.*	-21685. -30973.*	1893887. (2.3%)	2467256.	2280.	417.	1863.
W/O DEPRECIATION ALLOWANCE	51925. -9732.*	27128. -9380.*	24389. -1235.*	3711076. (3.7%)	4886209.	4240.	706.	3534.
W/O INVESTMENT TAX CREDIT	38968. -19209.*	-21045. -27344.*	68409. 7251.*	5179908. (4.5%)	7142285.	6160.	997.	5163.
W/TAX WRITE-OFFS LIMITED TO 1M	135011. 65799.*	60807. 26098.*	73795. 38833.*	2294803. (2.7%)	2878393.	2600.	428.	2172.
W/WRITE-OFFS TRUNCATED BY WEALTH	115895. 65665.*	51167. 26282.*	64320. 38499.*	1893887. (2.3%)	2467256.	2280.	417.	1863.
W/WRITE-OFFS TRUNCATED BY INCOME	-5609. -10552.*	51167. 26274.*	-57184. -37709.*	1895343. (2.3%)	2467465.	2280.	416.	1864.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	13243.	0.	13243.	121911.	268892.	1280.	39.	116.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	15852. 9308.*	0. 0.*	15852. 9299.*	1005770. (8.0%)	1266032.	-0.	206.	874.
W/O TAX INDEXING	15852. 9308.*	0. 0.*	15852. 9299.*	1005770. (8.0%)	1266032.	-0.	206.	874.
W/HIGHER CONSUMPTION	15175. 11366.*	0. 0.*	14767. 11140.*	420439. (5.3%)	414416.	-0.	80.	320.
W/O INTEREST WRITE-OFF	19988. 10788.*	8690. 2763.*	10890. 7241.*	762759. (7.1%)	868216.	-0.	152.	608.
W/O DEPPECIATION ALLOWANCE	17819. 10107.*	3412. 1252.*	13999. 8064.*	851687. (7.4%)	1019193.	-0.	176.	704.
W/O INVESTMENT TAX CREDIT	15852. 9308.*	0. 0.*	13243. 9299.*	1005770. (8.0%)	1266032.	-0.	206.	874.
W/TAX WRITE-OFFS LIMITED TO 1M	60213. 30454.*	9670. 3145.*	50135. 26926.*	815201. (7.3%)	923291.	-0.	160.	640.
W/WRITE-OFFS TRUNCATED BY WEALTH	60166. 19143.*	8447. 1088.*	51310. 17866.*	954612. (7.8%)	1120562.	-0.	187.	773.
W/WRITE-OFFS TRUNCATED BY INCOME	60049. 24411.*	9591. 3096.*	50050. 20865.*	810269. (7.3%)	919952.	-0.	160.	640.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	27416.	467.	26949.	88252.	88252.	1280.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	3217. -4172.*	-467. -467.*	3684. -3721.*	984559. (9.0%)	1360915.	-0.	232.	968.
W/O TAX INDEXING	3217. -4172.*	-467. -467.*	3684. -3721.*	984559. (9.0%)	1360915.	-0.	232.	968.
W/HIGHER CONSUMPTION	-4283. -3656.*	-467. -467.*	-3903. -3316.*	288936. (5.6%)	412540.	-0.	72.	288.
W/O INTEREST WRITE-OFF	5451. -3197.*	7980. 1991.*	-2937. -5912.*	785161. (8.2%)	1051050.	-0.	179.	741.
W/O DEPRECIATION ALLOWANCE	5388. -3752.*	880. -1943.*	4100. -2650.*	827024. (8.5%)	1109261.	-0.	196.	802.
W/O INVESTMENT TAX CREDIT	2656. -4168.*	-840. -827.*	26576. -3357.*	978903. (9.0%)	1358996.	-0.	236.	964.
W/TAX WRITE-OFFS LIMITED TO 1M	47723. 16417.*	8762. 2211.*	38553. 13836.*	827397. (8.4%)	1100102.	-0.	188.	772.
W/WRITE-OFFS TRUNCATED BY WEALTH	43794. 4211.*	6146. 256.*	37240. 3781.*	951161. (8.9%)	1262447.	-0.	216.	904.
W/WRITE-OFFS TRUNCATED BY INCOME	35338. 13889.*	7980. 2074.*	26950. 11240.*	809587. (8.4%)	1062423.	-0.	180.	740.

TABLE XLVII

RESULTS OF SIMULATION RUNS AT 6% FOR THE ARIZONA TYPICAL FARM

STATE NAME: ARIZONA
INFLATION RATE: 0.06

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGE
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	276898.	138382.	138516.	6154282.	6154282.	1440.	1440.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	237569. 39355.*	113792. -7029.*	121763. 44559.*	8828325. (3.1%)	12358480.	3400.	395.	3005.
W/O TAX INDEXING	107465. 14740.*	-138392. -49409.*	243833. 62325.*	10096010. (3.4%)	17679450.	4960.	510.	4450.
W/HIGHER CONSUMPTION	36055. 9838.*	16340. -1912.*	17701. 9925.*	1336785. (0.7%)	1813934.	560.	89.	471.
W/O INTEREST WRITE-OFF	77006. 20028.*	100999. 70319.*	-26008. -52116.*	2678523. (1.3%)	3697725.	1120.	158.	962.
W/O DEPRECIATION ALLOWANCE	169253. 34921.*	114477. 19552.*	52762. 13544.*	5507030. (2.2%)	7265294.	2040.	267.	1773.
W/O INVESTMENT TAX CREDIT	221711. 38847.*	112566. -1416.*	135672. 30439.*	8185257. (3.0%)	11431450.	3160.	385.	2775.
W/TAX WRITE-OFFS LIMITED TO 1M	168734. 150377.*	100999. 86337.*	65720. 62216.*	2715098. (1.3%)	2937931.	1080.	110.	970.
W/WRITE-OFFS TRUNCATED BY WEALTH	168734. 120591.*	100999. 70319.*	65721. 48447.*	2678523. (1.3%)	3697725.	1120.	158.	962.
W/WRITE-OFFS TRUNCATED BY INCOME	-225794. -137583.*	100999. 70319.*	-328807. -209726.*	2678523. (1.3%)	3697725.	1120.	158.	962.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	31621.	258.	31363.	205325.	446846.	1440.	22.	63.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	16553. 10798.*	-259. -258.*	15532. 10095.*	609957. (4.9%)	742375.	-0.	40.	160.
W/O TAX INDEXING	19546. 10980.*	3960. 257.*	14001. 9744.*	588237. (4.8%)	610703.	-0.	32.	128.
W/HIGHER CONSUMPTION	15694. 11497.*	-258. -258.*	14422. 10645.*	-351305. (37.3%)	-592827.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	15165. 11032.*	4450. 490.*	8701. 8762.*	454133. (4.1%)	448577.	-0.	24.	96.
W/O DEPRECIATION ALLOWANCE	15694. 11497.*	7095. 4278.*	6585. 5439.*	123218. (1.7%)	-118305.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	17195. 10868.*	1979. 714.*	31363. 9173.*	550495. (4.6%)	599080.	-0.	32.	128.
W/TAX WRITE-OFFS LIMITED TO 1M	36402. 20048.*	5279. 1600.*	29108. 17094.*	501408. (4.4%)	450346.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY WEALTH	31743. 13308.*	3142. 137.*	26587. 12057.*	587979. (4.8%)	610444.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY INCOME	29058. 11277.*	5279. 1457.*	21765. 8278.*	488607. (4.3%)	445273.	-0.	24.	96.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	40227.	955.	39272.	129318.	129318.	1440.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	3678. -618.*	-955. -955.*	3636. -362.*	416529. (5.1%)	615305.	-0.	40.	160.
W/O TAX INDEXING	3678. -618.*	-783. -949.*	3465. -368.*	416343. (5.1%)	615118.	-0.	40.	160.
W/HIGHER CONSUMPTION	-6043. -1883.*	-955. -955.*	-5554. -1651.*	-596188. (6.6%)	-596188.	0.	0.	0.
W/O INTEREST WRITE-OFF	2895. -603.*	-3. -708.*	947. -1414.*	344280. (4.6%)	475056.	-0.	32.	128.
W/O DEPRECIATION ALLOWANCE	-6043. -1883.*	-2508. -1727.*	-5549. -1960.*	-71517. (-2.9%)	-71517.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	2162. -953.*	-742. -1338.*	38586. -296.*	387889. (4.9%)	603507.	-0.	32.	128.
W/TAX WRITE-OFFS LIMITED TO 1M	21568. 6997.*	1880. -472.*	17674. 6190.*	366367. (4.7%)	590537.	-0.	32.	128.
W/WRITE-OFFS TRUNCATED BY WEALTH	3260. -632.*	-955. -955.*	3252. -376.*	416566. (5.1%)	615342.	-0.	40.	160.
W/WRITE-OFFS TRUNCATED BY INCOME	-3274. 2105.*	1880. -671.*	-7168. 1347.*	348986. (4.6%)	596350.	-0.	32.	128.

TABLE XLVIII

RESULTS OF SIMULATION RUNS AT 12% FOR THE ARIZONA TYPICAL FARM

STATE NAME: ARIZONA
INFLATION RATE: 0.12

	FACTOR INCOME	TAXES PAID	SAVINGS-INVESTMENT	NET WORTH	OWNED ASSETS	FARM SIZE OPERATED	FULL-EQUITY	MORTGAGED
	1979 DOLLARS					ACRES		
INITIAL TENURE: FULL OWNER								
VALUES IN YEAR 1	276898.	138214.	138684.	6161025.	6161025.	1440.	1440.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	108537. -32980.*	16601. -53956.*	91528. 20092.*	10581110. (3.5%)	14047000.	3920.	669.	3251.
W/O TAX INDEXING	15734. -55279.*	-138214. -88703.*	153540. 32540.*	11536570. (3.7%)	16265430.	4600.	778.	3822.
W/HIGHER CONSUMPTION	20657. -5717.*	5645. -11946.*	14603. 5345.*	1406087. (0.7%)	1776431.	600.	118.	482.
W/O INTEREST WRITE-OFF	48835. -1978.*	103330. 61424.*	-54903. -64287.*	2966302. (1.4%)	3793041.	1160.	223.	937.
W/O DEPRECIATION ALLOWANCE	114674. -15210.*	75487. -15417.*	38779. -678.*	7025540. (2.7%)	8931952.	2520.	440.	2080.
W/O INVESTMENT TAX CREDIT	105617. -30096.*	24748. -47201.*	135840. 16221.*	10012860. (3.4%)	13268130.	3720.	630.	3090.
W/TAX WRITE-OFFS LIMITED TO 1N	193554. 113305.*	115929. 63833.*	77217. 48588.*	3401236. (1.5%)	4241524.	1280.	188.	1092.
W/WRITE-OFFS TRUNCATED BY WEALTH	172846. 106476.*	103330. 61424.*	69108. 44168.*	2966302. (1.4%)	3793841.	1160.	223.	937.
W/WRITE-OFFS TRUNCATED BY INCOME	-151485. -108806.*	103330. 61381.*	-255223. -171071.*	2968165. (1.4%)	3794984.	1160.	223.	937.
INITIAL TENURE: ZERO CASH FLOW								
VALUES IN YEAR 1	29914.	119.	29795.	157554.	205441.	1440.	10.	28.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	4119. 6391.*	-119. -119.*	3977. 6027.*	374712. (4.3%)	440371.	-0.	24.	96.
W/O TAX INDEXING	2311. 6661.*	-119. -69.*	2316. 6238.*	371083. (4.3%)	448790.	-0.	24.	96.
W/HIGHER CONSUMPTION	9442. 8915.*	-119. -119.*	9153. 8435.*	-529447. (*****%)	-627334.	-0.	-0.	-0.
W/O INTEREST WRITE-OFF	10930. 7039.*	615. 36.*	9908. 6173.*	343997. (4.1%)	318224.	-0.	24.	96.
W/O DEPRECIATION ALLOWANCE	9442. 8915.*	4251. 3157.*	4784. 4923.*	33096. (0.7%)	-74791.	-0.	-0.	-0.
W/O INVESTMENT TAX CREDIT	2311. 6661.*	-119. 61.*	29795. 6108.*	364785. (4.2%)	442493.	-0.	24.	96.
W/TAX WRITE-OFFS LIMITED TO 1N	30150. 15132.*	2400. 125.*	27343. 14409.*	359598. (4.2%)	437305.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY WEALTH	3918. 6384.*	-119. -119.*	3792. 6021.*	374731. (4.3%)	440389.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY INCOME	27079. 9670.*	1417. 38.*	25254. 9012.*	361542. (4.2%)	439249.	-0.	24.	96.
INITIAL TENURE: FULL RENTER								
VALUES IN YEAR 1	40227.	955.	39272.	129913.	129913.	1440.	0.	0.
INCREASE OVER 30 YEARS								
BASIC COMPARISON	-7389. -4381.*	-955. -955.*	-6598. -3879.*	295532. (4.2%)	437906.	-0.	24.	96.
W/O TAX INDEXING	-7389. -4381.*	-955. -948.*	-6598. -3886.*	295297. (4.2%)	437671.	-0.	24.	96.
W/HIGHER CONSUMPTION	-6741. -2793.*	-955. -955.*	-6194. -2487.*	-641321. (*****%)	-641321.	0.	0.	0.
W/O INTEREST WRITE-OFF	-7389. -4381.*	-232. -905.*	-7565. -4206.*	280853. (4.1%)	423227.	-0.	24.	96.
W/O DEPRECIATION ALLOWANCE	-6741. -2793.*	-2726. -2061.*	-4422. -1595.*	-71267. (-2.9%)	-71267.	0.	0.	0.
W/O INVESTMENT TAX CREDIT	-9441. -4296.*	-1595. -1419.*	38632. -3337.*	279051. (4.1%)	435108.	-0.	24.	96.
W/TAX WRITE-OFFS LIMITED TO 1N	13967. 3530.*	-232. -905.*	13791. 3797.*	285833. (4.1%)	428207.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY WEALTH	-7389. -4381.*	-955. -955.*	-6598. -3879.*	295532. (4.2%)	437906.	-0.	24.	96.
W/WRITE-OFFS TRUNCATED BY INCOME	-4125. 71.*	-232. -905.*	-4301. 289.*	283040. (4.1%)	425413.	-0.	24.	96.

VITA

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